





## THE BAE-GEC DEAL

## How Project Super Bowl won the day

**Hugo Dixon and Alexander Nicoll** reveal how a combination of war games and a high-pressure auction transformed Europe's defence industry

The temperature was dropping fast as Sir Richard Evans clambered aboard the British Aerospace executive jet bound for Stuttgart.

It was December 7 last year, and Sir Richard, the burly chairman of BAE, thought he was closing in on a long-held objective: the creation of a pan-European defence company strong enough to compete with the Americans.

His co-passenger was less sure. Lord Simpson, managing director of the General Electric Company, knew all about the difficulties in negotiating tie-ups in the defence business. After all, BAE and GEC had been conducting on-off merger talks for 15 years, and had yet to tie the knot.

Now Sir Richard was proposing something altogether more ambitious than the creation of a British defence giant. He was contemplating a three-way deal involving BAE, GEC's Marconi defence division, and Germany's DaimlerChrysler Aerospace (DASA), headed by the formidable Jürgen Schrempf.

Suddenly, an early winter snowstorm forced Sir Richard's plane to divert to Frankfurt. After a hurried phone conversation, the three industrialists agreed to switch their meeting to Munich.

There, Schrempf made clear he would love to do a deal with GEC; but first he wanted to strike his own terms with BAE. At that moment Simpson knew a triangular defence arrangement involving the might of British and German industry was not going to work.

Simpson's goal was less grandiose and more immediate. He wanted to sell Marconi to the highest bidder. He was convinced that, in the complicated multi-dimensional game of restructuring Europe's defence industry, the first mover would capture the richest pickings. Those coming late to the party risked being marginalised. He was not going to let Schrempf and Evans conclude their deal first. So began a high-pressure auction which led finally this week the creation of the world's third largest defence company: a merger of BAE and Marconi, which left the British government stunned and French and German rivals seething on the sidelines.

GEC's plan for squeezing the maximum value for Marconi was code-named Project Super Bowl. Hatched by John Mayo, GEC's cocksure finance director, it was an elaborate plan that was self-consciously named after the American football competition, which involves a series of play-offs to determine which teams make the final round: the Super Bowl. The image appealed to Mayo's idea of how the global defence industry was going to restructure. But it also reflected his belief that it was vital to keep all the bidders for Marconi on the same timetable. Only then would GEC be able to play one bidder off against another and so leverage up the price.

Furthermore, the 1999 Super Bowl was due to take place in Miami on January 31. In Mayo's mind, this was the deadline by which Marconi's future had to be settled. After all, BAE and DASA were already in fairly advanced talks. GEC would have to move swiftly if it was to seize the initiative.

Mayo took to the task of selling Marconi with glee. A 42-year-old ex-Warburg merchant banker, he revelled in complicated analysis and high-pressure tactics. He had cut his teeth on the demerger of Zeneca, the drugs company, from ICI, and went on to become Zeneca's finance director.

Simpson, for his part, had started changing the cautious head office culture inherited from Lord Weinstock, a legendary figure who had run GEC with an iron grip for 33 years.

With Mayo at his side, Simpson's reforms moved into overdrive. Young Turks more in line with Mayo's way of thinking were brought into key posts such as corporate finance director and treasurer.

Mayo also relied on support from two pals from his merchant banking days: Chris Brodie, who is still at Warburg, and Michael Tory, who has since moved to Morgan Stanley. Together, they were the brains behind Project Super Bowl.

At the start of 1998, Simpson was still set on building up Marconi as the core of his new GEC. But he felt frustrated by other parts of industrial empire inherited from Lord Weinstock - a mish-mash of joint ventures over which GEC did not exercise full control.

For example, Alstom, GEC's power engineering division, was locked in a 50:50 joint venture with France's Alcatel. GEC's

telecoms arm, was a 60:40 joint venture with Germany's Siemens. Marconi was the only large business Simpson cleanly controlled.

Throughout the first half of 1998, Simpson and Mayo spent much time unravelling these joint enterprises. They spun out Alstom and bought Siemens out of GEC. At the same time, Simpson took the first steps to beef up Marconi. A large joint venture in missiles and electronics was forged with Alenia of Italy. Then Tracor, a Texas defence company, was acquired for \$1.4bn in April.

Just weeks before the Tracor deal was announced, the Pentagon dropped what looked like a very large present in GEC's lap. It blocked the merger of Lockheed-Martin and Northrop Grumman, two of the largest US defence companies, on the grounds that the combination could restrict competition.

Yet by waving through the Tracor transaction, the Pentagon was in effect signalling that - whatever its doubts about further consolidation in the US market - it was still in favour of transatlantic consolidation.

There was a second, unspoken American calculation. After years of talk about consolidation, the leading defence companies in Europe were slowly moving into action. European governments, desperate to reduce the ever-rising costs of military spending, sensed the benefits of a reduction in the number of national champions and the pooling of technology and defence know-how.

The US government was anxious that its own industry was not shut out of any Fortress Europe. So, it was no accident, perhaps, that GEC suddenly discovered that both Lockheed and Northrop were interested in exploring a merger.

Given the huge potential for stripping out duplicated costs, a mega-merger seemed to offer the prospect of greater value-creation than a strategy of building Marconi up piece-meal.

Yet Simpson's radar was picking up the same signals as the Pentagon: European defence consolidation was accelerating. There could be a real chance of doing his own European deal - and the more options he had, the better the terms he could strike.

If two other Europeans linked up first, GEC's options would narrow dramatically. The best option was a rapid-fire auction of Marconi.

What worried Simpson most was Evans. The two had worked closely together when Simpson was chief executive of Rover, the automotive group then owned by BAE. Simpson knew Evans was

**While GEC was pursuing its strategy, BAE was following another plan drawn up by a supercomputer**

pressing as fast as he could to clinch a merger with DASA. If that deal went ahead, GEC could be left on the sidelines.

While GEC was pursuing its Super Bowl strategy, BAE was following another game-plan drawn up by a supercomputer - a Cray computer in Stanford, Silicon Valley.

The Cray was owned by Design Insights, a US strategy outfit run by Harry Roundell, a former investment banker with J.P. Morgan. Roundell was an old friend of Richard Lapthorne, BAE's brainy vice-chairman, who along with Evans took the credit for bringing BAE back from the brink of bankruptcy in the early 1990s.

Over dinner in New York, Lapthorne realised Roundell could help him cut through a knotty strategic problem. For several years, Lapthorne and Evans had been pressing for what they called the EADC, or European aerospace and defence company. This would involve merging, in the first instance, BAE, DASA and France's Aerospatiale. At a later date, other companies like Marconi, France's Thomson-CSF and Alenia of Italy could be invited to the party.

The idea was that a unified European defence industry would be able to compete on equal terms with the fast-consolidating American defence industry. An added bonus was that the three main partners in Airbus, Europe's civil aircraft consortium, would all be merged.

In December 1997, the French, German and British governments all gave their blessing to the cre-



Manoeuvring (left to right) BAE's Sir Richard Evans, DaimlerChrysler's Jürgen Schrempf, GEC's Lord Simpson and Thomson-CSF's Denis Ranque

ation of EADC. But Lapthorne was still doubtful whether the French and German companies were genuinely prepared to make the difficult compromises necessary to strike a deal.

Roundell had a way of testing Lapthorne's hypothesis: game theory, the mathematical analysis of competitive strategies where choices depend on the actions of others.

First, BAE executives fed Roundell's team with a vast amount of information about the various players in the game. Then Roundell's computer simulated negotiations, generating a million pages of raw data - and a film fee.

By March, Roundell's work was complete. His startling conclusion was that even after ten rounds of negotiation, there was still a stalemate. It simply was not in the interest of DASA and Aerospatiale to budge enough on key issues - valuation and control. On the other hand, if BAE first did a deal with Marconi, the Cray predicted it could complete its European deal with only four more rounds of negotiation.

BAE presented this conclusion to the EADC, a UK cabinet committee looking at restructuring of the aerospace industry. But the committee, which brings together representatives from several government departments and Downing Street, was not convinced. In any case, the committee made clear that Tony Blair, the prime minister, was keen for BAE to make a European deal a priority.

Initially, it seemed as if the EADC might be right. By July, the Germans, at least, seemed to be moving. John Weston, BAE's chief executive, felt he was making progress in his meetings with Manfred Bischoff, DASA's boss.

The problem with constructing a BAE-DASA deal was that, although BAE was the bigger company, its shareholding was distributed. DASA's shares were all held by DaimlerChrysler, the industrial giant created by Schrempf and Robert Eaton, boss of Chrysler, the US carmaker.

Daimler would therefore end up as the largest shareholder of a merged Anglo-German aerospace group. The one tangible concession the Germans were willing to consider was to take some of their stake as non-voting shares.

Negotiations began in earnest. Lapthorne joined BAE's team. Over the next few months, BAE and DASA executives criss-crossed

Europe. Sometimes they met at DASA headquarters in Munich; sometimes at English country hotels.

A favourite location was Chewton Glen, an award-winning country house hotel in Hampshire, on the edge of the New Forest. In addition to its Michelin-starred restaurant, famous for mushroom dishes, Chewton sports a health spa and is convenient for helicopter landings. Rooms start at £220 a night.

Astonishingly, amid all this frenetic activity, BAE and DASA found the time to hold talks with another partner: Aerospatiale.

The French were furious about being excluded from the BAE-DASA arrangement and nervous about an Anglo-German rapprochement on defence, which could challenge the dominant Bonn-Paris political axis in Europe.

Both Evans and Schrempf were insistent that the price of French entry into the defence consolidation game was that the French government should sell off its large shareholding in Aerospatiale.

In July, Paris had announced plans to reduce its stake to a minority through a merger with the Matra defence division of private-sector Lagardère - but BAE and DASA made clear they wanted complete privatisation.

Subject to this condition, BAE and DASA were happy to bring in Aerospatiale, but only once they had completed their bilateral deal.

But while Aerospatiale was getting anxious about an imminent BAE-DASA deal, the Anglo-German talks were becoming bogged down. The two companies were far apart on valuation. And, although Daimler was prepared to take some non-voting shares, it would still have been by far the biggest shareholder and would have veto powers.

Lapthorne was worried. The deal BAE was being asked to cut amounted to paying a premium price for DASA - yet it would leave the Germans in control.

A further issue was Manfred Bischoff's position. He would have been chairman of the merged BAE-DASA, to balance Weston's position as chief executive. The problem was that Bischoff was also planning to stay on DaimlerChrysler's main board. BAE did not see how he

could then genuinely represent all shareholders equally.

BAE's other big problem was that Mayo's auction was now in full swing. On December 3, announcing its interim results, GEC said it would make a decision about its Marconi strategy "soon". The idea was to pile the pressure on the bidders to put their best offers on the table.

At best, it was a gamble. Tony Blair viewed a BAE-DASA link as complementing his own initiative calling for closer defence co-operation in Europe, and an all-British deal risked undercutting Mr Blair. And, by making a public announcement, Simpson and Mayo had put themselves on the line with shareholders.

Nevertheless, GEC's pressure tactics caught Evans's attention. On the day that GEC put out its statement, Evans flew to see Schrempf in Stuttgart and proposed a three-way deal including Marconi. As a sweetener, he improved the terms he was prepared to offer for DASA.

Although Schrempf liked Evans's financial proposal, he was not so keen on hurrying a three-way deal. But that did not become fully apparent until the crucial, unscheduled meeting in Munich on December 7 attended by Schrempf, Evans and Simpson, which showed the extent to which all three had had separate agendas.

From GEC's viewpoint, Project Super Bowl initially generated serious interest from four companies: BAE, Lockheed and Northrop of the US; and Thomson-CSF of France.

Northrop dropped out fairly rapidly. After the failure of its own merger with Lockheed, it could not risk being left at altar a second time. The US group insisted on a break-up fee of about \$600m in the event that any deal was blocked: Simpson was not prepared to agree.

The next suitor to turn tail was Lockheed. It felt Mayo was using their presence in the auction to leverage up the price. Although views differ on whether Lockheed was ever a serious bidder, all agree that after Lockheed's profit warning on December 23 - when its shares fell 11 per cent - a deal became impossible.

Thomson-CSF, though, had long coveted a deal with Marconi. The two companies were very similar, offering huge potential for cost-cutting.

Yet Denis Ranque, Thomson's

new chairman, knew there was no chance of a deal so long as the government remained his largest shareholder with a 40 per cent stake. He therefore persuaded the government to offer two concessions: that it was willing to see its stake fall below 10 per cent; and that it was ready to see the new merged company be listed in London.

Ranque, however, was not a free agent. Standing behind him pulling the strings was Serge Tchuruk, chairman of Alcatel, the French electronics company. Alcatel has a 16 per cent stake in Thomson, and the socialist-led government in Paris had given Tchuruk an informal mandate to take care of its stake too. The government had also agreed to swap part of its stake in Thomson for one of Alcatel's own strategic investments - perhaps its shareholding in Framatome, the nuclear power company.

**Publicly, Blair welcomed the deal, but privately, ministers and officials were seething**

Tchuruk was determined that Ranque would not overpay, and that limited the value of the offer Thomson was prepared to put on the table to about £5.5bn.

Ranque's hands were also tied in another way. To satisfy French *amour propre*, he had to ensure there was something in the deal to counterbalance the fact that the new company would be British.

Tchuruk's solution was brazenly simple: Alcatel would have the right to propose the company's chief executive. Because the provision would be written into the company's constitution, the right would last forever. For Simpson this was too much to swallow, and the French later backed off.

Fortunately for Simpson, Evans's negotiations with Schrempf were floundering. The mood was tetchy as the two sides meetings squabbled over issues such as value and control.

The BAE camp also suspected Schrempf had other things on his mind, such as his pursuit of an alliance with Nissan, the Japanese car company. A week before Christmas, Schrempf proposed a break in discussions until after the holiday period, and set off for a vacation in South Africa.

Mayo seized the opening created by Schrempf's absence. On December 22, GEC announced it was going to demerge Marconi. Like the announcement on December 2, this was yet another tactic to ratchet up the pressure on the bidders.

For Evans, this was the critical moment when he would have to

make up his mind on the strategic merger he so long had sought. GEC's announcement gave a green light for BAE to make an offer just for Marconi. Previously, the two companies had been considering a BAE-GEC merger, after which GEC's non-defence interests - such as in washing machines and inkjet printers - would be spun out. Now, it would no longer have to go through such a complex process.

The BAE board met to consider its options. Evans knew Schrempf would be left fuming if BAE struck a deal with Marconi. But he was also determined that neither Thomson nor Lockheed should seize this prize, wrap themselves in the Union Jack, and compete against BAE in its home territory. The board decided to put its best foot forward. An offer of £8bn was sent in writing to GEC by Christmas.

Now Simpson and Mayo could go on holiday. Simpson set off to play golf in South Africa. He did not bump into Schrempf. Mayo flew to Orlando, Florida, with his wife and children to spend a week at Disney World.

After Christmas, the BAE and GEC teams worked hard on hammering out the details of their agreement. But even at this late juncture, Simpson and Mayo had not given up on the possibility of securing a better price. So, on January 14, Simpson and Mayo set off to Paris to see if Thomson would raise its bid.

Four days later, Ranque came to London with his final offer. By that time the BAE deal was virtually signed and sealed. Ranque told Simpson he would only tell him the terms of his own bid if Simpson agreed to various pre-conditions. Simpson countered that he could not accept all the conditions, but asked him whether he could jump the hurdle set by BAE's bid: £8bn. Ranque was stunned. BAE had won the day.

Evans and Simpson now had to break the news to Tony Blair. Publicly, the prime minister welcomed the deal, stressing he wanted BAE to keep pursuing European integration. But privately, ministers and officials were seething that Mayo's tactics might have derailed Blair's European initiative.

That is still the central question. Has the BAE-Marconi merger made the issues of value and control that have bedevilled the restructuring of Europe's defence industry easier or harder to resolve?

The initial hostile reaction from DASA and Thomson may suggest that Evans' vision of an integrated European aerospace and defence company is lost in a snowstorm. Yet some parties are still interested, notably Lagardère of France. Even the jilted Germans may come round, if only to avoid joining a French-dominated defence entity.

If the Cray computer is right, only four more rounds of negotiation are needed to break the deadlock.

Additional reporting by David Owen in Paris and Christophe Jakubyszyn and Andrew Edgecliffe-Johnson in London.

Countdown to a merger

**GEC**

**BRITISH AEROSPACE**

Dec 9 1997: Blair, Chirac, Jospin and Kohl call on European aerospace and defence companies to unify in the face of competition from US rivals.  
May 27 98: BAE, Aerospatiale, DASA respond with report agreeing on principle of merging into a single European aerospace and defence company (EADC).  
Jul 22 98: French government announces it will partially privatise Aerospatiale by merging it with Matra defence division of Lagardère.  
Jul 24 98: BAE welcomes French move but says still much to do for creation of EADC. BAE/DASA talks on bilateral merger intensify.  
Dec 3 98: GEC says after "intense discussions" with other defence companies,

it "expects to make a decision on its future strategic course soon".  
Dec 7 98: Schrempf, Evans, Simpson meet in Munich to discuss three-way BAE/DASA/Marconi merger. But no progress made.  
Dec 22 98: GEC says it "has decided to separate its civil businesses from its aerospace and defence activities" - a signal that any suit for Marconi would not have to first go through a full merger with GEC, to be followed by a de-merger.  
Jan 19 99: BAE and GEC announce agreement to merge BAE with Marconi. BAE shareholders will have 63 per cent of new group, GEC shareholders 37 per cent.

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## WORLD NEWS

## Brazil fights to ward off return of hyperinflation

By Geoff Dyer and John Barham in São Paulo

The Brazilian government has launched a campaign to prevent companies introducing big price increases in response to the devaluation of the currency.

The army of weapons the government is threatening to use ranges from fines of up to \$250m (US\$250m) to public humiliation, as it tries desperately to ward off a return to its high-inflationary past.

The Real came under renewed pressure yesterday, although it had recovered by mid-afternoon to R\$1.72 to the dollar, its closing price on Thursday evening.

The Real has now devalued 30 per cent since the government abandoned its crawling peg against the dollar last week, prompting fears that inflation would return to Latin America's largest economy.

The Justice Ministry has set up a freephone line for consumers to complain about steep price increases and a group of 20 officials are to monitor inflationary pressures.

Under Brazilian law the ministry can fine companies anything between R\$200 and R\$2m for introducing "abusive" price increases.

Embatur, the government's tourism department, said it would monitor airlines and hotels to ensure they did not "dollarise" their prices.

Although airlines have not increased their official fares in the last week, travel agents said that they had withdrawn most of the special offers of 50 per cent or more reductions.

Ford and General Motors received a storm of criticism this week when they announced price rises of up to 11 per cent. GM has since scaled back the increases.

Some critics believe the government is adopting too heavy-handed an approach. "This sort of aggressive rhetoric is very dangerous," said Alexandre Barros, a political analyst. However, Ms Thompson said: "There is no question of us returning to strict price controls."

one of Brazil's largest paper companies, said a company could not carry on without passing on price increases. "You cannot bankrupt companies by putting the burden on them," he said.

Fears that the currency would continue to weaken pushed share prices in Brazil down 3.3 per cent and the price of the C-Bond, the most liquid Brazilian Brady, 3.7 per cent lower.

worried that the sharp fall in the Real would have knock-on effects in the rest of Latin America, writes Philip Cogan in London.

The transnational FTSE Eurotop 300 index fell 2.5 per cent while the DAX in Frankfurt and the CAC 40 in Paris dropped 3 per cent and 3.2 per cent respectively.

Brazil also weighed on sentiment at the start of trading on Wall Street, with the Dow Jones Industrial Average off 130.7 at 9,133.29 by 1pm.

## Move to dispel doubts on Sydney Olympics

By Gwen Robinson in Sydney

Australian officials attempted yesterday to counter a rising tide of public concern about circumstances leading to Sydney's winning bid to host next year's Olympic Games, claiming the 2000 Games would rehabilitate the Olympic movement's public image.

The International Olympic Committee (IOC) meets today in Lausanne, Switzerland, to consider a report on alleged bribery during Salt Lake City's successful bid for the 2002 Winter Games. Members named in the report may be expelled or forced to resign as a result.

Australian tourism industry leaders have warned the scandal engulfing the IOC could rob the country of the full benefits of hosting the event.

The warning has come just weeks before Sydney's Games organising committee launches its A\$600m (US\$380m) ticket marketing programme for the September 2000 Games, and followed a string of awkward disclosures in the Australian media.

Reports this week included details of confidential host city contracts, including agreements with Sydney Games organisers to provide luxury accommodation and chauffeured limousines for all visiting IOC executives. There were also allegations that Sydney Olympics officials found lucrative jobs for the children and relatives of several IOC members and paid for first class travel to Australian resorts for IOC members.

In the case of the Salt Lake City probe, 13 IOC members are reported to be under investigation following accusations that the US city handed out US\$800,000 worth of goods and services to IOC members over a six-year period as they lobbied for the Games.

In a move to counter growing allegations of improper dealings, the Australian Olympic Committee (AOC) on Friday published - for the first time - hundreds of pages of documents relating to the bid. The committee up to now has been accused of excessive secrecy.

The documents, which included endorsement contracts outlining the AOC's obligations, contained details of agreements to spend about A\$2m on training in Australia for African athletes, most of it conditional on Sydney winning the bid. The documents also showed the AOC made similar but more modest agreements of assistance with the Olympic committees of Argentina and Colombia, and offered luxury accommodation in London for two IOC members.

There was no evidence, however, of the bribes and other improper actions allegedly offered by other Olympic bid committees, including Salt Lake City.

Sydney has managed to evade the brunt of the scandal, which has led to two resignations, the latest coming yesterday when Bashir Mohamed Attarabulsi of Libya handed his personally to IOC president Juan Antonio Samaranch.

The IOC scandal has triggered close scrutiny in Australia not only of the winning Olympic bid but also of earlier bids by Adelaide and Melbourne for the 1988 and 2008 Commonwealth Games.

## Statoil wants end to state ownership

By Valeria Skidli in Oslo

Statoil, Norway's state-owned oil company, yesterday urged the government to consider releasing its grip on the country's largest enterprise, opening the debate on at least partial privatisation.

The company's directors and top management said they felt the time was ripe for a review of Statoil's ownership structure and the role of the Norwegian state in the oil industry.

The unprecedented public call for privatisation was prompted by increased pressure on Norway's oil and gas industry.

"Given the tough international competition we now face, our long-term ambition must be to ensure that we continue to have companies with their head offices in Norway," said Harald Norvik, Statoil chief executive.

"The existing organisation of this sector dates from a time when oil prices were expected to be high and rising, and focused on maximising government revenues."

The call comes amid a general move towards privatisation in Norway, global consolidation in the oil industry and waning profits from continued low oil prices.

The minority-centred government this week backed a proposed merger and partial privatisation of its telecommunications company Telenor, together with Telia in Sweden, and plans to reduce its stake in the two largest banks, Christiania Bank and Den norske Bank.

Statoil is worth Nkr155bn (N17.2bn).

Mr Norvik declined to speak about potential changes to the government's ownership structure, except to say that the company would be able to retain "strong national ownership" even with an element of private capital.

The company also said the government's use of Statoil as an oil policy instrument was at odds with Norway's membership in the European Economic Area.

Norway's oil and energy minister Marit Arnstad opposes privatising Statoil's core business in Norwegian exploration and production.

The opposition Conservative party favours a total privatisation that would lead to mergers or acquisitions by Statoil. However, a compromise could emerge whereby Statoil privatises only its international activities.

Per-Kristian Foss, a conservative member of parliament, said: "The privatisation of Statoil will be tougher to push through than Telenor."

"It's psychological... unlike telecoms, people feel like (oil) is the gold of the country."

## Miners' victory sets back reform in Romania

By Joe Cook in Bucharest

Romania's government yesterday caved in to the demands of thousands of striking miners who had been marching towards Bucharest by agreeing to raise their pay by 30 per cent and reopen two pits closed last year.

The move puts an end to a series of violent clashes between miners and riot police that began last Monday when the miners set off for the capital. But it is a potentially devastating setback to the government's flagging efforts to push through market-oriented reforms - including the planned closure of 140 loss-making coal mines, 49 loss-making state enterprises and a five-year plan to restructure the steel industry which would involve the loss of 70,000 jobs.

Romania is moving toward a financial crisis later this year with fears in international financial markets that it could collapse into default. It has foreign debt service payments of \$2.5bn due during 1999, \$2bn of which falls due by June. Official foreign reserves, excluding gold, stand at \$1.8bn.

A World Bank delegation is in Bucharest to discuss a possible \$500m credit. On Monday an International Monetary Fund team arrives in Romania for talks on a standby agreement.

"In the aftermath of this situation there will be elements not supportive of reform who will use it as an opportunity to test the resolve of the government,"

said a western diplomat in Bucharest.

The miners had been on strike in support of a 35 per cent wage claim to protest against pit closures.

"The government is very weak. It lacks authority, it lacks public support and it lacks resources," said Alin Teodorescu, director of IMAS, a market research and polling agency in Bucharest.

Yesterday's deal was struck after four hours of talks between Radu Vasile, the prime minister, and Miron Cozma, the militant miners' leader, in an Orthodox monastery outside the town of Rimnicu Vilcea, 170km north-west of Bucharest, where some 7,000 miners had camped overnight.

The negotiations followed President Emil Constantinescu's pledge to declare a state of emergency, made in a live television broadcast yesterday morning, if the miners did not return to their Jiu Valley coal region, 370km north-west of Bucharest.

It is understood that heavily armed troops had been deployed to support thousands of riot police at a massive roadblock 30km south of Rimnicu Vilcea in the event that negotiations failed and the miners resumed their violent advance towards Bucharest.

But as the western diplomat said: "The government was clearly uncomfortable about calling in the military to take on civilians."

The concern in Bucharest now is that workers in other sectors will push for government concessions.



Kosovo Liberation Army guerrillas make their way back to their positions after training yesterday. © m.w. Reuters

## Contact Group to push plan for peace conference on Kosovo

By David Buchan, Diplomatic Editor

The six-nation Contact Group on Kosovo yesterday agreed to try to push President Slobodan Milosevic and ethnic Albanian separatists towards a peace conference to settle the crisis that has brought Nato back to the brink of military confrontation with Yugoslavia.

Foreign ministers of the five major western powers plus Russia are expected to meet next week to finalise their version of increased autonomy for Kosovo Albanians within Yugoslavia, and to decide whether there is any chance of getting Serb and Albanian leaders to

negotiate a deal on the basis of this plan.

After meeting in London, Contact Group officials said they "set the goal of early negotiations on a political settlement with direct international involvement".

Notwithstanding Yugoslavia's suspension of its expulsion of William Walker, the chief international monitor in Kosovo, the Contact Group reiterated other demands that Mr Milosevic allow international investigation of the recent killings in Racak, and reduce the level of his forces in Kosovo to the level agreed with Nato last October.

But the Contact Group let Nato's military build-up in

Italy and the Adriatic speak for itself as pressure on Mr Milosevic, and yesterday focused more on ways of bringing the Kosovo Albanians to the bargaining table. The senior UK official who chaired yesterday's meeting said the group's mediators - Chris Hill of the US and Wolfgang Petritsch of the EU - would "fine-tune" their interim Kosovo autonomy plan, and "intensify pressure" on the warring parties to participate in peace talks.

The Hill-Petritsch plan is intentionally ambiguous on whether Kosovo should stay tied to the republic of Serbia - as Serbs insist but Albanians resist - and on how

comprehensive a review there would be of any interim deal after three to five years.

The threat of Nato bombing Yugoslavia into political concessions into political concessions to have been put on hold until Contact Group ministers meet next week, even though alliance members continued their preparations yesterday. France said it was dispatching an aircraft carrier to the Adriatic on Monday, while Britain, Germany, Norway, Belgium and the Netherlands said they were sending more aircraft to join a possible strike force in Italy.

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## Rebel faction to break Le Pen grip on Front

By Robert Graham in Paris

Jean-Marie Le Pen's long-standing dictatorial control of France's extreme rightwing National Front will be broken this weekend by a rebel party congress held near Marseille.

The congress, organised by Bruno Mégret, one-time aide of the 70-year-old Mr Le Pen, will form a rival party competing for the 15 per cent of the national vote held by the Front.

Commentators said most of the Front's organisers and younger activists were likely to join 49-year-old Mr Mégret, but they doubted that this uncharismatic former civil servant would steal the bulk of the party's grassroots support from Mr Le Pen.

However, the split in the National Front will have important repercussions on the European parliamentary elections in June. It also gives the moderates right their first opportunity to

claw back voters from the Front as a result of a spectacularly bitter public feud between Mr Le Pen and Mr Mégret for the leadership.

Mr Le Pen and his supporters are to boycott the special congress at Marignane near Marseille, where the local mayor is a strong Mégret supporter. The former paratrooper turned hard-right politician has dubbed the congress a "meeting of pirates for the benefit of the media".

This week Mr Le Pen also cast Mr Mégret in the role of "a diva who has mistimed the exit". For good measure he added: "He's like a small-time singer who has always dreamed of the star role and hopes the main singer gets a sore throat."

In contrast to such bombast, Mr Mégret has concentrated on organisation among the 42,000 paid-up members of the National Front. Before Christmas he gathered 14,000 signatures, almost double the legal mini-

mum, to enable him to call the congress. However, these could not be deposited as required by party statutes at the Front's headquarters because Mr Le Pen ordered the doors to be kept closed.

However, legal action by Mr Le Pen to prevent the Front's name and logo being used for the congress was turned down this month by a Paris court. As a result Mr Mégret can propose himself before 2,500 delegates as the new leader of the Front on a platform of policies apparently little different from that of Mr Le Pen. He also has a good chance of keeping the name and logo.

Mr Le Pen is sticking by his belief that "there is only one number - Number One - and that is me". He has never tolerated dissent and has run the party with an iron hand. He should be comforted by a Paris Match opinion poll which gave him twice as much support as Mr Mégret among National Front voters.

## Key Netanyahu backer may join centre party

By Judy Dempsey in Jerusalem

Yitzhak Mordechai, Israel's defence minister, yesterday fuelled speculation he would leave Benjamin Netanyahu's governing Likud party to join a new centrist party.

His defection would be a blow to Mr Netanyahu's attempt to be re-elected in May. The prime minister owed much of his success in the 1996 election to Mr Mordechai, a popular politician who has often been at odds with Mr Netanyahu's tough policies towards the Palestinians.

It would also underline the increasing role in the elections of former army chiefs, with Ehud Barak heading the Labour party and Amnon Lipkin-Shahak leading the centrist party.

The possibility that Mr Mordechai might quit Likud arose yesterday when he missed a deadline to put his name forward for a place on the party's list of parliamentary candidates.



Mordechai: popular politician often at odds with the premier

member, adding he would inform Mr Netanyahu of his final decision next week.

Mr Netanyahu wants Mr Mordechai to remain in Likud. Polls show the former major-general is trusted on security matters - the main election issue. Having been born in Iraqi Kurdistan, he has strong support among Sephardic - or Oriental - Jews, the party's main constituency.

Likud officials said Mr Netanyahu had not yet made Mr Mordechai an attractive enough offer, failing to guarantee him the defence ministry - the job he was first offered by Mr Netanyahu in 1986 to join Likud.

Centrist party officials, on the other hand, said they had offered Mr Mordechai the defence ministry, assuming the party did well enough in the elections. A Gallup poll for the Maariv newspaper yesterday showed Mr Lipkin-Shahak would beat Mr Netanyahu in a straight contest.

IMF TALKS BOTH SIDES ARE ANXIOUS AN ACCORD SHOULD BE IN PLACE WELL BEFORE THE PRESIDENTIAL ELECTIONS AT THE END OF FEBRUARY

## Nigeria near to agreement on \$1bn loan package

By Michael Newman and Tony Hawkins in Lagos

Nigeria's military government is close to an agreement with the International Monetary Fund intended to pave the way to an estimated \$1bn loan by the end of the year.

Officials taking part in talks in Abuja, the Nigerian capital, yesterday said an accord with the IMF, monitoring Nigeria's implementation of jointly agreed economic reforms, would also be a first step towards rescheduling the country's

estimated \$29bn external debt.

Both sides are anxious that an agreement should be in place well before the presidential elections at the end of February, the final stage of Nigeria's return to civilian rule in May. The military hope that this will lock in their successors to an economic strategy that has international support.

Talks began shortly after the death last June of General Sani Abacha, who presided over an authoritarian and corrupt regime until

his death from a heart attack. His successor, Gen Abdulsalam Abacha, was warmly welcomed by western governments after he released political prisoners and pledged an early return to civilian rule. One of the biggest obstacles to an IMF agreement was that the IMF agreed to remove the abolition of the country's two-tier exchange rate.

The government has also met other IMF conditions including removing the subsidy on domestic fuel,

making the central bank autonomous and recovering nearly \$800m of funds misappropriated in the Abacha era. The government is also understood to be prepared to axe loss-making state projects and change its pattern of spending by providing a greater share for education, health and other social services.

Officials on both sides were hopeful that agreement was within reach on what they acknowledged are some of the most sensitive and difficult condi-

tions. The Fund is now seeking greater transparency in central bank transactions and effective monitoring of the state-owned Nigeria National Petroleum Corporation. Nigeria's oil exports, worth \$6.5bn in 1998, account for more than 95 per cent of export earnings.

Officials hope that the deal can rapidly be concluded, allowing the country to establish a track record that would make it eligible for an enhanced structural adjustment facility, on concessional terms

which officials say could exceed \$1bn.

The incoming government will have to cope with Nigeria's worst economic crisis since independence in 1960. Oil prices are at a 12-year low. Service arrears on external debt are mounting at the rate of \$1bn annually and the economy has been disrupted by three decades of corrupt and incompetent military rule. Nearly two-thirds of the debt is owed to the Paris Club group of official creditors.

Nigerian officials have

already begun the process of seeking a sympathetic response to rescheduling, arguing that without debt relief the civilian administration could be overwhelmed by economic problems.

Should the agreement be struck and then followed through by civilians, the short-term benefits will be unlikely to be more than \$300m - less than half Nigeria's annual service payments to the World Bank and other multilateral lenders.

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## INTERNATIONAL

OPENING DISASTERS FLIGHT DELAYS, CARGO HANDLING BREAKDOWN AND THOUSANDS OF PIECES OF LUGGAGE LOST

## HK airport probe clears officials

By Rahul Jacob in Hong Kong

A long-awaited government inquiry into the shambolic opening of Hong Kong's US\$2bn airport in July yesterday largely exonerated senior government officials and said of co-ordination at the Airport Authority was responsible for the chaos that ensued.

Chek Lap Kok's opening on July 6 badly blighted Hong Kong's record of efficiency when its first few days were characterised by long flight delays and thousands of

pieces of luggage going astray. Legislators denounced it as a national disgrace.

A complete cargo handling breakdown led to Hong Kong Air Cargo Terminals (HACTL) moving back to the old airport. The botched opening is estimated to have cost the city US\$600m.

Yesterday's report savages Henry Townsend, the Airport Authority's chief executive, who retired in November. He is accused of misleading the steering committee that oversaw the new airport about the readiness

and reliability of the flight information display systems that were responsible for much of the chaos in the passenger terminal.

The software for the systems was built by Electronic Data Systems, which also received a rap on the knuckles.

The report criticises HACTL and the Airport Authority for not seeking a postponement of the opening date. A two-month delay, it maintains, would have resulted in a largely trouble-free start. Instead "everyone was working diligently but

blindly" to the July 6 starting date.

Some observers pinned the ultimate responsibility for the confusion on the steering committee that monitored the airport project, but it got off lightly. "The people who knew the airport was not ready were not asked. Everybody assumed someone else was responsible for calling a halt to it," said Peter Lok, a former head of Hong Kong's civil aviation department.

The steering committee was headed by Hong Kong's top civil servant, Anson Chan. Yesterday she described the experience as the most difficult of her career. "If I ever had to do it again, I would ask more searching questions."

HACTL this week said efficiency standards at its cargo operations were comparable to those attained at the old airport, but attributed about half of the 6 per cent drop in Hong Kong's air cargo for 1998 to its problems at the new airport.

Hong Kong's legislature releases its own report on the airport's opening next week.

## Barbados plans to replace Queen as head of state

By Canute James in Kingston

Barbados is to change its constitution and become a republic, replacing the Queen of England with a Barbadian president as head of state, according to senior government officials. The change will be made "over the next three years", they said yesterday.

The end to the monarchical system in the Caribbean island of 260,000 people was forecast by Owen Arthur, the prime minister, during campaigning for a general election on Wednesday in which his Labour party was returned in a landslide.

Mr Arthur, a 48-year-old economist, was sworn in on Thursday for a second consecutive five-year term, after Labour won 26 of the 28 seats. The other seats were won by the Democratic Labour party.

The removal of the Queen as head of state is being supported by the political opposition. David Thompson, Democratic Labour leader, says he is also in favour of the change to a republican constitution.

Barbadians would vote in a referendum on the constitutional change and, if it was approved, Barbadian president would become the island's head of state. However, the officials said, however, the island would remain a member of the Commonwealth.

The change was suggested by a commission which took evidence last year from Barbadians. "This is a positive move and shows a sense of maturity on the part of Barbados that it can function at the highest level and be sure of its people," said Sir Henry Forde, chairman of the commission.

Executive power will continue to be exercised by a cabinet with the head of government being the prime minister, Sir Henry said. Barbados should be a parliamentary republic with the head of state being the president, he said.

"We have also had the experience of a succession of native governors-general, all but one of whom have been local Barbadians," said Sir Henry. "They have discharged their duties with impartiality and decorum and reflected the people's highest values and aspirations."

Barbados will become the third Commonwealth country in the region to adopt a republican constitution. Guyana and Trinidad and Tobago are republics within the Commonwealth.

Guyana has an executive presidency while Trinidad and Tobago's is ceremonial president.

A referendum to be held in Jamaica within 18 months is widely expected to approve a change from the monarchical to a presidential constitution, with a ceremonial president.

The company's aggressive strategy for its Internet browsing software represents the foundation of the government's case that Microsoft abused its monopoly market power to crush its Internet rival, Netscape Communications.

But Mr Maritz flatly rejected a central allegation by Netscape that Microsoft sought to carve up the market for Internet software in a June 1996 meeting between the two companies.

Arthur: end of monarchy

MARKETING HYPE COMMERCIAL SPONSORS OF THE PAPAL VISIT ARE TAKING EVERY ADVANTAGE OF THE OPPORTUNITY

## Mexico City sells hard with the Pope

By Henry Tricks in Mexico City

There was no Pepsi-Cola welcome mat waiting for John Paul II in Mexico City yesterday, but some people in the Mexican capital would not have been surprised if there had been.

The hysteria surrounding the marketing of the pontiff's fourth visit to Mexico has left the country - and its wry comedians - braced for the worst.

The Pope was bringing an end-of-millennium message of solidarity to a divided continent, offering solace in the face of a growing rich-poor divide and pressing issues such as debt forgiveness for some of Latin America's poorest nations.

But the Pope, who has long preached the evils of consumerism, may find his message has been blunted by the hard sell.

The church in Mexico is bitterly divided after its conservative leaders invited 25 top companies - such as General Motors, PepsiCo and Hewlett Packard - to foot the \$2m bill for the papal visit.

Those who contributed as the sacred mitre was passed round have been designated "official collaborators", thanked publicly on television by Archbishop Norberto Rivera of Mexico City and given free rein to publicise their munificence.

Critics say the unprecedented hype has brought a whiff of hypocrisy to a church that has grown increasingly outspoken about the hardships endured by poor Mexicans.

"There is a paradox here. On the one hand you have an anti-poverty message. On the other you have large



A family waits outside a Mexico City supermarket next to a poster advertising 3-D images of the Pope for sale

multinationals behaving as if Michael Jackson was coming to town," says Emilio Alvarez, director of Cencos, a Roman Catholic think-tank.

Throughout a winter of economic slowdown and rising inflation in Mexico, John Paul has, literally, been packaged in polythene for retail pleasure.

Sabritas, the PepsiCo-owned maker of Mexico's best-loved potato crisps, has put glossy papal pictures in its packets of ready salted.

Servicio Pan American Protection, whose tank-like security trucks sit menacingly at banks across Mexico, admits in a full-page

magazine advertisement: "We are still not angels." But it is the "official transporter" of silver papal medallions, which entitles it to a coveted place on the publicity bandwagon.

Mexico's two private television broadcasters have gone head to head to win the ratings battle, bombarding viewers with testimony of their religious fervour.

The enthusiasm of Blimbo, the Mexican bakery, to advertise the papal message "A Millennium is Born. Let's Reaffirm Faith", evidently knows no bounds. One of its billboards is on the back of another selling Trojan Con-

doms - not a sponsor.

Whether Mexicans need such enticements to catch Pope fever is unlikely. One in 10 of the world's Roman Catholics live here, and since John Paul honoured Mexico by making it his first destination in the Americas in 1979 shortly after he was elected, it has earned the papal title of "Forever Faithful".

There is, indeed, an almost ecstatic sense of gratitude that the pontiff should choose Mexico City for what possibly could be his final pilgrimage.

Younger visitors than the ailing 78-year-old are warned by doctors to stay away, because of the city's 7,900-ft

altitude and choking pollution. During his four-day stay, before flying to St Louis, Missouri, on Tuesday, John Paul will hold religious ceremonies for more than 1m worshippers, meet President Ernesto Zedillo and give Pope-mobile greetings to an estimated 5m expected to line the streets to see him.

His schedule is limited to ease exhaustion, and at least he will not be subjected to traffic snarls. Mexico City's unsavoury highway patrol force has launched a "Good Shepherd" campaign this weekend to keep him and the rest of the city's motorists out of harm's way.

## Microsoft executive assails government case

By Richard Wolfe in Washington

The first Microsoft executive to take the witness stand in the US government's anti-trust trial will argue next week that the court risks destroying Windows and the future success of the entire computer industry.

In written evidence released yesterday, Paul Maritz, Microsoft's senior strategist, launched a scathing attack on the government's case and the company's industry critics.

He warned that the lawsuit threatened to undermine the widespread use of Windows software that drives more than 90 per cent of the world's personal computers.

"The popularity of Windows, owing entirely to Microsoft's efforts to innovate, evangelise and license the software cheaply to promote wide distribution, is

derided as 'monopoly'," he said.

He warned that if the court ruled that computer makers could choose to install different parts of Windows, the lawsuit would destroy the compatibility of computers across the industry.

Mr Maritz is at the heart of the case brought by the US Justice Department and 19 states. His name has appeared frequently in the three-month-old trial in a series of e-mails which allegedly show Microsoft's efforts to intimidate software companies and computer makers.

But Mr Maritz insists in his written evidence that the allegations of bullying are unfounded. In particular, he denies accusations of an Intel executive that Microsoft successfully forced the world's largest chipmaker to drop its work on Internet software.

Mr Maritz conceded, however, that Microsoft had threatened Apple Computer, the personal computer pioneer, with the cancellation of its popular Office software suite of word processing and spreadsheets. He told how Microsoft withdrew the threat in exchange for a settlement of Apple's patent disputes and its adoption of Microsoft's Internet software.

The company's aggressive strategy for its Internet browsing software represents the foundation of the government's case that Microsoft abused its monopoly market power to crush its Internet rival, Netscape Communications.

But Mr Maritz flatly rejected a central allegation by Netscape that Microsoft sought to carve up the market for Internet software in a June 1996 meeting between the two companies.



Arthur: end of monarchy

## IMF in hot water in Thailand

By Ted Barakack in Bangkok

The International Monetary Fund (IMF) argued forcefully earlier this week that most of its policy prescriptions for crisis-hit Asian economies were correct. It is an argument that has not been well received in Thailand.

The IMF said that in the initial stages of the Asian economic meltdown it had advised the right mix of tight monetary policy and structural reform. It got the fiscal side of the equation wrong due to "errors and misjudgments" in estimating the depths of the region's recession, but that was quickly corrected by allowing widening budget deficits.

But, at a time when the social consensus in support of IMF policies was crumbling in Thailand and only days before the Thai finance minister faced a censure debate in parliament, any act of contrition, however slight, on the Fund's part was "mistimed and didn't help us at all", groused one senior government official.

Perhaps reflecting a lack of experience with its new-found transparency, this week's report on the Asia crisis was released with no advance warning in Thailand; not even IMF staff in the country knew what was about to hit them. Once the press saw the words "IMF" and "mistake" on the news wires from Washington they were out for blood.

What followed was a torrent of criticism of IMF policies - and of the Thai government - which is seen as a faithful adherent to those policies. The prime minister, Chuan Leekpai, without having seen the report, was forced to admit that the IMF did indeed make mistakes, while at the same defending his government's IMF-friendly position.

The opposition - whose leaders had invited the IMF to Thailand and erratically followed the Fund down the misguided initial path - had a field day and was handed more ammunition for next week's censure debate.

Yesterday the IMF Asia-Pacific director, Hubert Neiss, finally appeared in

Bangkok for some damage control. While admitting it was "understandable" that there was public opposition to the Fund's policy programme because the economy had yet to recover, he argued that the programme "is working and it is showing results".

There had been a restoration of financial and foreign exchange stability, Mr Neiss said, but on the resumption of economic growth "the jury is still out".

Achieving the projection of 1 per cent gross domestic product growth this year depended on structural reform, he added, "and structural reform is a difficult process and difficult politically".

## NEWS DIGEST

## VIOLENCE ON INDONESIAN ISLAND

## Moslem-Christian fighting leaves 43 dead

Moslem-Christian fighting killed at least 43 people in Indonesia yesterday. Forty mostly American and British Bible translators fled into the northern Australian city of Darwin, saying the violence on the island of Ambon, 2,300km east of Jakarta, had made it too dangerous to stay.

"There was rioting, there was burning, there was looting. People died," one told Australian Broadcasting Corp television. "We decided it was best to get out..."

In Jakarta, President B.J. Habibie pleaded for unity. "It is very important to keep unity in this reform era," he told reporters. "We must not fall into the trap of rumours that could pit one race, religion and ethnic group against another."

Several mosques and churches and almost 100 homes were torched in Ambon and neighbouring islands in the Moluccas after fighting began when a drunken man tried to extort money from a bus driver. Reuters, Jakarta

## GERMAN METAL WORKERS

## Engineering strike looms

German industry drew closer to a showdown with trade unions yesterday after the nation's largest union, IG Metall, rejected a pay offer from employers representing the metal and engineering sector. The employers' association Gesamtmetall offered workers a 2 per cent annual pay rise, plus up to 0.5 per cent in one-off benefits. But IG Metall, which represents 3.4m employees, dismissed the offer as "completely unrealistic" and "unacceptable after years of losses in real wages".

IG Metall wants a 6.5 per cent wage increase this year and has threatened to stage warning strikes and demonstrations if it does not receive what it considers a satisfactory offer by next Thursday. German pay settlements are important for the euro-zone economy because the European Central Bank has indicated it is unlikely to cut interest rates if it judges that wages, in Germany and elsewhere, are rising too fast. Germany accounts for more than one-third of euro-zone economic output.

Tony Barber, Frankfurt

## SWEDEN AND EURO

## Single currency timetable

Urban Backstrom, the governor of Sweden's Central Bank, yesterday outlined a tentative timetable for Swedish participation in the European single currency. Mr Backstrom said signs of a shift in political sentiment towards Emu indicated a decision on Swedish membership may be made sooner than expected.

He said senior politicians had made clear it would be preferable if Sweden held an Emu referendum before it assumed the EU presidency in 2001. A referendum date could be agreed at a congress of the ruling Social Democratic party early next year.

"Assuming that the political decision-making process does unfold in the course of next year," said Mr Backstrom, "the most realistic timetable given the practical preparations would seem to point to Sweden's participation from January 1 2002." Sweden, along with the UK, Denmark and Greece, has abstained from the first wave of monetary union. Tim Burt, Stockholm

## US ELECTION

## Quayle to run as president

Former vice-president Dan Quayle will take the first step next week towards seeking the Republican presidential candidacy in 2000. He promised a conservative group yesterday "a choice worth fighting for".

"Very soon I will be making a final decision about my political future," he told the Conservative Political Action Conference in the Washington suburb of Arlington. "Here among friends, I can say I have been encouraged to run for president of the United States." Mr Quayle promised "an agenda of vision and a choice worth fighting for." "We've had six years of misplaced priorities, slick salesmanship and amateurism," he said. AP, Washington

## SINGAPORE POLITICS

## Charges over public speaking

Two Singapore opposition politicians pleaded not guilty yesterday to breaking public speaking laws and said they had done nothing wrong. Chee Soon Juan, leader of the small Singapore Democratic party, and the party assistant secretary general, Wong Hong Toy, were charged when Mr Chee gave a public speech on January 5 without a permit.

"This is a situation where we've done that, as I've mentioned before, are all constitutionally guaranteed," said Mr Chee. It was the second time this month he has been charged under the Public Entertainment Act. The offence carries a maximum fine of \$5,000 (US\$3,000). A fine of more than \$52,000 would bar him from running for parliament for five years. Reuters, Singapore

## PAKISTAN ECONOMY

## World Bank to lend \$350m

The World Bank is to lend Pakistan \$350m through a structural adjustment loan designed to help improve government management of banking, tax administration, public utilities and public spending. The loan follows last week's agreement by the International Monetary Fund to resume a loan programme broken off after last May's nuclear tests.

Among the targets agreed with the World Bank are the establishment of independent regulatory authorities for gas and electricity, and the revamping of the tax authority with the aim of increasing the number of individual income tax payers and the collection of Rs3bn (\$60m) in tax arrears. Peter Montagnon, Asia Editor, in London

## WORLD TRADE ORGANISATION

## Financial services accord

A landmark international trade accord opening banking, insurance and securities markets to foreign competition has now been ratified by 35 countries and is on track to come into force as planned on March 1 this year, World Trade Organisation officials said yesterday.

The deadline for ratification by all 70 signatories to the WTO's financial services agreement, concluded in December 1997, is next Friday and it is already clear that some will be unable to complete domestic legislative procedures by then. However, most of the key countries, including the US and European Union, will have done so.

Those countries that have ratified will decide next month whether and when to bring the accord into effect, but trade officials said there was a strong desire to stick to the original date of March 1 while giving laggards some extra time for ratification. Frances Williams, Geneva

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Saturday January 23 1999

## A path through recession

Down at the Dog and Duck, there is little talk of recession these days. Until yesterday, at least, they were all counting their fantasy gains from the UK stock market. And even Friday's 2.8 per cent fall was shrugged off quickly.

It was, after all, caused by nervousness about the state of Brazil, a country about which those in the saloon bar knew little until a few weeks ago.

Prices are still 39 per cent up on a year ago. And even after Friday's jitters, the FTSE 100 remains only 5 per cent below its all-time high in June.

Markets, of course, do not always read the economy aright. But the latest minutes from the Bank of England's monetary policy committee, published this week, sounded a cautious retreat from pessimism. At its meeting this month, the committee agreed delicately that "Overall, the situation in the major industrial countries was not obviously worse than a month ago, but was no better than expected." The daily dosage of bad news from Japan, weakening industrial confidence in the euro-zone and growing uncertainties surrounding the US economy make it hard to be more positive. But at least the talk of financial meltdown remains subdued.

## Asian crisis

Translating these global prospects into a likely path for the UK economy remains unusually difficult - even in the Dog and Duck, where views are plentiful and strong. Yesterday's preliminary figures for gross domestic product in the fourth quarter provided the latest clue. They showed a marked slowing down of activity, with output in the last three months of the year only 0.3 per cent higher than in the previous quarter. So far, probably, so good. Some deceleration was inevitable and desirable, if the UK economy was to avoid hitting the inflationary buffers once again.

The annual growth rate of 4 per cent in the fourth quarter of 1997 was unsustainable. The service sector was then growing at more than 5 per cent and a tightening labour market was stimulating wage settlements.

The Bank's progressive ratcheting up of interest rates from 6 per cent in May 1997 to a peak of 7.5 per cent last June was intended to reduce growth to a long-term sustainable rate of something more than 3 per cent.

As things turned out, the Asian crisis did part of the Bank's job and the monetary policy committee went rapidly into reverse.

returning its rate to the starting place by the beginning of this month. As the minutes show, some members would have liked to move even faster, but they feared the markets would be unsettled.

It is clear that official rates must come down further, although the timing is less obvious. One reason to expect a fall is that world inflation and UK inflationary expectations continue to weaken. Raw materials prices are declining while manufacturers' output prices are flat. These trends are helped by the continued strength of sterling, which is 8 per cent above its level against euro-currencies since last spring.

## Falling real yields

With lower inflation, UK rates seem high in real terms, while the need for a strong anti-inflation strategy is diminished. In the immediate future, UK headline inflation is likely to fall from the December annual rate of 2.8 per cent to perhaps as little as 1 per cent, according to some analysts, as a result of lower mortgage interest rates.

While all in the Dog and Duck will raise their glasses to lower inflation, the change may also result in a decline in wage settlements from the annual 3.4 per cent rate recorded in November.

In addition, official interest rates must be considered against generally falling real yields. UK indexed linked yields are now down below 2 per cent for the first time since they were invented in 1981. And UK 10-year gilt yields at a little above 4 per cent are now 3½ percentage points below their level two years ago.

For all these reasons, the Bank of England's rate may be expected to move towards a "neutral" figure of about 5 per cent. But when? Having achieved the desired slowdown, should it wait to see what happens to the real economy, or move lower to preempt the remaining possibilities of recession?

The consensus of outside forecasters, published by the Treasury yesterday, suggests growth will be only about ½ per cent this year, picking up to a little under 2 per cent in 2000. That might feel like recession, but it would be a relatively smooth glide path back to non-inflationary growth - if it happened. But forecasters and continental industrialists continue to become gloomier. The Bank should therefore be prepared to cut some more while inflation is low. If it is proved wrong, it will have time enough to raise them again. Most will say cheers to that.

## COMMENT &amp; ANALYSIS

## The science of ageing

The discovery of genes that cause worms to grow old has raised hopes that scientists may soon be able to prolong healthy human life, says **Clive Cookson**

Scientists are at last succumbing to a spell that has enthralled mankind since the earliest myths of the ancient world: the quest for eternal youth.

Research into what causes ageing is leading scientists to hold out hope that, perhaps by early in the next century, they might be able to extend the healthy human lifespan substantially.

Although vast resources have gone into studying the diseases of old age for decades, the biology of normal, healthy ageing became a respectable field of research only during the 1990s.

Suddenly, it is one of the hottest subjects around, and one that is grabbing the limelight at the annual meeting, in California, of the American Association for the Advancement of Science (AAAS). Two areas of research are proving particularly fruitful, genetics and the connection between eating and ageing.

The first life-extending gene was identified 10 years ago in the tiny worm *Caenorhabditis elegans* but, says Gordon Lithgow of Manchester University, "most of the major discoveries have been made in the last couple of years and some even in the last few weeks".

A dozen genes are now known to determine the lifespan of *C. elegans*, and worms with favourable mutations can live up to four times longer than the 20-day average for the species. Recently a similar "Methuselah" gene was discovered in another much-studied creature, the fruit fly.

This work on simple "model animals", as scientists call them, is more relevant to humans than you might imagine. Half of all genes that cause disease in *Homo sapiens* are also found in *C. elegans*, although the two species diverged about 700m years ago.

Of course, the human system is more complex than the worm's. There may be several dozen key genes determining the overall way we age (as opposed to thousands that can cut our lives short through specific diseases).

Although these human ageing genes are not yet identified, their effects are seen in the way longevity tends to run in families. For example, the New England Centenarian Study conducted at Harvard Medical School shows that if your brother or sister reaches the age of 100, your chances of surviving to 90 is four times greater than average.

How might the genes work? The ones discovered in worms and flies seem to be "master genes" controlling biochemical systems that protect cells against metabolic stress and damage.

This supports the view that ageing happens because our cells and body tissues accumulate microscopic faults that eventually prevent them functioning normally. The most serious damage is caused by the oxygen we breathe; it produces highly reactive by-products called free



Retired worker, Gwelin China, 1978

Eve Arnold, Magnum

radicals that can damage genes and proteins.

If scientists work out how the damage is detected and repaired naturally, they could enhance these effects to delay ageing. Futuristic genetic engineering may not be required; simple drugs might do the trick. Dr Lithgow's team in Manchester has managed to increase worms' lifespan by 50 per cent with chemicals designed to interfere with the ageing process.

Scientists are particularly intrigued by one ageing gene in the worm, called *daf-2*, which is

extremely similar to the human gene for the receptor protein that detects levels of insulin in the blood. It seems to lead to the release of a hormone-like signal that co-ordinates the ageing process throughout the worm.

Animal experiments suggest tantalisingly that this biochemical pathway might be manipulated to prevent old people becoming so frail. When the equivalent insulin receptor gene is activated artificially in mice, their muscles do not degenerate in the usual way as they age.

At least 10 years more research

will be needed before we know whether such an approach would work well in people.

Today the only proven way to delay ageing in higher animals is to eat a low-calorie diet and this week's AAAS meeting heard the first medical studies of non-obese humans on low-calorie diets.

Several earlier studies have shown that laboratory mice live 40-50 per cent longer if their food supply is restricted to a level that keeps them hungry but healthy. Ill effects due to starvation are not seen until the rations are cut below half of what the animals eat when they have free access to food.

"The less they eat, the longer they live," says Roy Walford of the University of California, Los Angeles, who is a pioneer of calorie restriction research. "Mice with a normal lifespan of 38 months will live to 56 months with 50 per cent calorie restriction."

James Nelson of the University of Texas, another prominent ageing researcher, adds that animals are much more active when their diet is restricted. Young rats in his laboratory typically choose to run for 2km a night if there is a running wheel in their cage. By middle age, this has dropped to 500 metres in fully fed

rats - but risen to 5km a night in animals on half rations.

Long-term experiments with rhesus monkeys in the US suggest that the same approach will work in primates, including humans. Monkeys whose calorie intake is cut by 30 per cent are showing fewer signs of the diseases associated with ageing as they enter middle age (their mid-20s) than animals that can eat as much as they want. But it will be 15 more years before the researchers know how much the monkeys' lives have been extended by calorie restriction.

Some people are not waiting. The Calorie Restriction Society is a self-help group of internet users, formed five years ago to prolong their own lives through calorie restriction. Prof Walford, the society's medical guru, says members are showing the same beneficial changes in physiology as the experimental monkeys.

They not only sustain a substantial loss in weight but also have lower blood pressure, cholesterol, glucose and white blood cell counts. "We have learned that people can lead normal lives while sustaining themselves on a calorie-restricted diet," Prof Walford says.

Although members of the CR Society typically eat about two-thirds as much as they used to, there are no general guidelines about the correct intake. It could be anywhere from 1,200 to 2,400 calories a day, depending on the individual's metabolism and lifestyle.

Several biologists besides Prof Walford practise calorie restriction in their own lives. Others enjoy food and drink too much. "I tried calorie restriction but I couldn't do it for more than two months," says Dr Nelson.

He is wary of recommending stringent dieting. "The short-term data may look encouraging but we do not have the evidence to prove that calorie restriction extends human life," Dr Nelson says. "I am also concerned about the message it would send to people who are anorexic."

Biologists are investigating the way calorie restriction works, with the aim of extracting the gain while avoiding the pain of half-starvation. The effect may involve reducing the rate at which food metabolism produces free radicals, although Dr Nelson says the body also makes more of a particular steroid hormone that helps fight stress.

Genetics and calorie restriction are just two avenues of research into the ageing process. Another involves detailed investigation of the molecular changes in senescent cells.

They will not lead to a single elixir of youth. The process is far too complex for that. But we can hope for a cocktail of treatments that will allow us, or more likely our children or grandchildren, to enjoy good health well beyond three score years and 10 - and then die quickly and gracefully of old age.

## LETTERS TO THE EDITOR

## Loud boos to the greens...

From Mr K. H. Holland.

Sir, Three cheers for Geoffrey Hollis ("How green" are our veg?", January 16-17). It is time someone sensible pointed to the fallacies behind the childish screams of the environmentalists. Tell him, please, that he is not alone in his views. The point that we are all, statistically, living longer, healthier lives than before contradicts the completely arrogant nonsense of the organic lobby.

A pedestrian worry for us all must be that the costs of non-organic supplies will increase - by an immutable law of business - under cover of the much higher costs of the vaunted (often inferior quality) organic foodstuffs. That inevitable process has probably already begun - three loud "boos" for the environmentalists.

K. H. Holland,  
Sea Whims,  
Trench Point,  
Campbeltown, Argyll, UK

## ...and hurrah

From Mrs O. P. Green.

Sir, Geoffrey Hollis has totally, and regrettably, ignored the other side of the organic argument: the powerful and proven effect of pesticides on the environment. I am more concerned with these aspects of the case than on the possibility of incidental damage to myself.

O. P. Green,  
Well House,  
26 Sussex Road,  
Southsea, Hants, UK

## Stock splits only confuse investors

From Mr Jon Livesey.

Sir, Richard Waters is correct to point to the absurd pricing awarded by the stock market to companies such as Yahoo! ("Bubble.com", January 16-17). But there is a factor in this that he does not mention: splits. In the last six months Yahoo! has split twice, and even a more well-established company such as Microsoft has split twice in the last year.

The oft-quoted reason for splits is to bring the price of a stock down to a level where small investors will buy it, but with Yahoo! above \$300 and small investors piling in in droves, this

seems hardly credible. The actual effect of splits is to confuse every investor, large or small, about the real price history of a stock. To make a valid comparison of today's price with the price of Microsoft or Yahoo! that he remembers from last year, an investor has to be aware of the split history of the stock, and be capable of performing the sometimes complex arithmetic needed to derive today's true price.

For example, if a stock was \$10 a year ago and \$50 today, it looks as though it has gone up by a "mere" five times. But if it has split two-for-one, then today's price is actually 10 times - and if

it has split twice, 20 times - that of last year.

The consequent effect of splits is to make stock prices seem more plausible, but in a highly misleading way. This is especially important for retail investors, who often do not research, or are unaware of the significance of, the other factors that your columnist does mention - and so concentrate on price and pricing history to the exclusion of all else.

Jon Livesey,  
880 San Lucas Avenue,  
Mountain View, CA 94038, US

## Wanted: aggression and imagination

From Dr Sheetal K. Chand.

Sir, The report just released by the International Monetary Fund on the Asian economic crisis is a good beginning at transparency that should stimulate informed debate.

Stephen Fidler's review ("IMF denies harsh policies", January 20) notes that the IMF, together with others, greatly underestimated the recessionary outcomes, but now considers that, if anything, monetary policies should have been tightened even more.

He contrasts this with the view of Joseph Stiglitz, chief economist of the World Bank, that it was the tightening in monetary policies that aggravated the economic crises.

The conflicting viewpoints both have merit. They indicate how difficult it now is to formulate

policies in a fast-changing globalised world. On the one hand, growth in the Asian economies is heavily dependent on a high domestic rate of investment financed through bank intermediation. A liquidity crisis that is aggravated by monetary tightening would wreak havoc on investment rates and growth.

On the other hand, in so far as the liquidity crisis is prompted by a capital outflow occasioned by perceptions of an unsustainable exchange rate, freeing the latter and raising interest rates should eventually help restrain the outflow, with recession in the meantime.

Avoiding the dilemma that would result requires both addressing immediately the domestic liquidity crises and restoring confidence in the currency. Since interest rates cannot

be moved simultaneously in the required opposite directions, a temporary wedge is needed. This could involve encouragement to domestic investment, such as tax concessions or other subsidies if monetary tightening is selected.

Alternatively, if monetary easing is employed, inducements should be provided to prevent an outflow of capital ranging from the less desirable confiscatory controls to the payment of subsidies.

In both instances (and assuming the freeing of the exchange rate), an aggressive, imaginative use of fiscal instruments is warranted.

Sheetal K. Chand,  
dept of economics,  
University of Oslo,  
Norway

Please see separately for every half-hour in each newspaper. The central prices are for the complete year. The prices for the first and last issues of the year are shown in brackets. The prices for the first and last issues of the year are shown in brackets. The prices for the first and last issues of the year are shown in brackets.

Year	1st Issue	Last Issue	Central Price
1998	10.00	10.00	10.00
1999	10.00	10.00	10.00
2000	10.00	10.00	10.00
2001	10.00	10.00	10.00
2002	10.00	10.00	10.00
2003	10.00	10.00	10.00
2004	10.00	10.00	10.00
2005	10.00	10.00	10.00
2006	10.00	10.00	10.00
2007	10.00	10.00	10.00
2008	10.00	10.00	10.00
2009	10.00	10.00	10.00
2010	10.00	10.00	10.00
2011	10.00	10.00	10.00
2012	10.00	10.00	10.00
2013	10.00	10.00	10.00
2014	10.00	10.00	10.00
2015	10.00	10.00	10.00
2016	10.00	10.00	10.00
2017	10.00	10.00	10.00
2018	10.00	10.00	10.00
2019	10.00	10.00	10.00
2020	10.00	10.00	10.00
2021	10.00	10.00	10.00
2022	10.00	10.00	10.00
2023	10.00	10.00	10.00
2024	10.00	10.00	10.00
2025	10.00	10.00	10.00
2026	10.00	10.00	10.00
2027	10.00	10.00	10.00
2028	10.00	10.00	10.00
2029	10.00	10.00	10.00
2030	10.00	10.00	10.00

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سكرا من الاموال



MAN IN THE NEWS WILLIAM WALKER

## Thorn in Serbia's side

Guy Dinmore profiles the controversial head of the international observer mission in Kosovo



To the Serbian government and its ultra-nationalist supporters, William Walker, the head of the international observer mission in Kosovo, is an "ambassador of lies, notorious American quasi-democrat, protector of separatism and terrorists" and, worst of all, "anti-Serb".

But on the night the 63-year-old career diplomat learned he had been declared persona non grata and given 48 hours to leave Yugoslavia, he brushed off such accusations in his typically undiplomatic and jokey fashion, telling journalists over a drink in Belgrade that he needed a trip to the dry cleaners to get the mud off his clothes anyway.

That readiness to get his boots dirty and speak his mind earned him his expulsion order last Saturday, when he blamed Serbian security forces for the massacre of 45 ethnic Albanians in the village of Racak a day earlier.

"Although I'm not a lawyer," he told reporters, "from what I personally saw I do not hesitate to call the event a massacre, obviously a crime very much against humanity. Nor do I hesitate to accuse the government security forces of responsibility."

A cartoon in Politika, the official daily, summed up Belgrade's anger. It showed a Serb in the dock

surrounded by identical figures of a somewhat crumpled and dishevelled Mr Walker acting as judge, prosecutor, defence and jury. Last October when Slobodan Milosevic, the Yugoslav president, capitulated to the threat of Nato air strikes and agreed to let 2,000 international observers monitor a ceasefire and partial withdrawal of his forces from Kosovo, it was clear that Belgrade feared this would be the first step towards losing its sovereignty over the Serbian province.

In the plain-talking, hands-on Californian, Belgrade saw a plot to establish Kosovo as a kind of protectorate, with Mr Walker as its governor. From the beginning, Mr Milosevic and Mr Walker did not get on.

Walker's aides fuelled Serb suspicions, talking openly about setting up the first independent television and radio stations run by the ethnic Albanian majority, supervising elections, and organising the Kosovo Albanians into what would amount to a quasi-state.

In his previous Balkans post, as the last UN transitional administrator in eastern Slavonia, Mr Walker "was God...his word went", according to one colleague. Slavonia, a Croatian border region with a post-war Serb majority, saw some of the most brutal fighting of the early stages of the wars of Yugoslav secession, and Mr Walker was given sweeping powers and a powerful military machine to maintain peace.

His main role in that period, from 1997 to 1998, was to protect the interests of the Serb community in eastern Slavonia and persuade them to stay after the final handover of power to Croatia.

He had some success, despite the bullying tactics of Franjo Tudjman, Croatia's nationalist president. Mr Walker earned the respect of many Serbs and, according to one Serb journalist in the war-shattered town of Vukovar, was a "decent man".

In Kosovo, Mr Walker has a much weaker mandate and no military force to back

him up. His observers are unarmed. He reports to the amorphous, 54-member Organisation for Security and Co-operation in Europe (OSCE) that runs the Kosovo Verification Mission and has never undertaken an operation on such a scale.

Mr Walker readily admits his mission has gone beyond its mandate. Instead of "observing" or "verifying", his monitors have mediated an end to local clashes, brokered ceasefires, and started to investigate the disappearances of hundreds of missing civilians. Two monitors have also been shot and wounded by ethnic Albanian fighters.

He spent Christmas day in the snow trying to stop a government offensive in the north that threatened to wreck the ceasefire.

"He's really brave. He doesn't care about diplomatic language. He's open, direct and strong," said one colleague.

His relations with the Serbian government, however, deteriorated sharply after December 14, when Mr Walker assigned equal con-

demnation to the killing by ethnic Albanian gunmen of six Serb youths in a cafe, and the deaths in border clashes of more than 30 ethnic Albanian rebels trying to infiltrate Kosovo.

Diplomats now admit Mr Walker chose his words poorly. In the eyes of many Serbs he had lost his impartiality.

Mr Walker's condemnation of Serbian security forces in Racak was the last straw. Mr Milosevic, while needing to mount his own damage-limitation exercise for domestic purposes, saw an opportunity to get rid of a troublesome envoy. But diplomats say he miscalculated by believing he could exploit perceived differences within the leadership of the observer mission.

Gabriel Keller, Mr Walker's French first deputy, has earned himself a reputation, possibly not entirely justified, of being "pro-Serb". He was singled out for praise by Belgrade for securing the release last week of eight Yugoslav soldiers captured by rebels of the Kosovo Lib-

eration Army (KLA), although it was British and US observers who did most of the negotiating.

Mr Keller, along with French newspapers, also seemed to undermine Mr Walker by casting an element of doubt as to whether the Racak victims were executed or, as Belgrade insists, killed in fighting between police and the KLA.

But if Mr Milosevic believed he could replace Mr Walker with Mr Keller he was wrong. The OSCE, the United Nations and even Russia, Serbia's traditional Slav ally, rallied behind the American.

After a week of protracted negotiations accompanied by movements of Nato warships and aircraft, the Yugoslav government, as before, backed down. Mr Walker, still the subject of a hate campaign in the official media, was first given an extra 24 hours to stay and then told early yesterday the expulsion order was "frozen".

But the crisis is not over. Yesterday Mr Walker's most pressing task was to secure the release of five elderly Serb civilians kidnapped by KLA rebels on Thursday night - an ironic twist for a man denounced by Boris Milosevic, the president's brother and Serbia's ambassador to Moscow, as "prejudiced, compromised, isolated and a problem to be removed".

## They'd like the world to buy a shirt

In the wake of Coca-Cola's decision to sell clothes, John Willman asks how far a consumer brand can stretch

The weekend is probably the time that many Coca-Cola drinkers find something missing from their lives. They swig their favourite soft drink, they savour its authenticity and genuineness - but they just are not properly dressed to enjoy the occasion.

Happily, they will soon be able to buy appropriate casual clothing that embodies the values of the world's most popular beverage. Coca-Cola is about to launch its own fashion line to reflect the idea that "consumers feel a special relationship with Coke that encompasses more than just the drinking experience".

That was how the Atlanta-based company explained its decision to get into the rag trade when details of its venture leaked out this week. In doing this, Coke is adopting a strategy that marketing specialists describe as "brand stretching" - using the popularity of one consumer brand to launch another kind of product.

For a company looking to diversify, brand-stretching is the most logical strategy, according to Adrian Day of Landor, the branding consultants. "It is always easier and less risky to stretch an established brand than create a new one."

But not all stretching exercises make the company fitter - as Coke already knows to its cost. In the 1980s it launched a clothing range with the involvement of a then-unknown young designer called Tommy Hilf. The venture came to grief after the drinks group fell out with the companies it had licensed to make and distribute the new range.

So which brands stretch easily and which fall? Mars, the US confectionery giant, has successfully produced

**'Brands are about promise and delivery. Don't stretch if you can't deliver'**

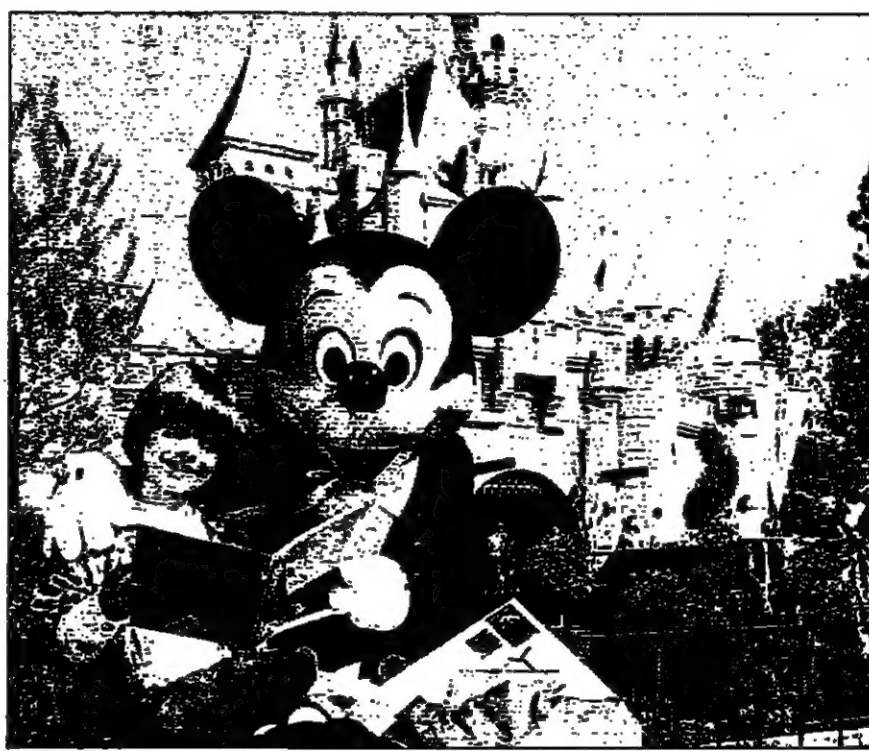
ice-creams branded with the names of its Mars and Snickers candy bars. These are all "sweet tooth products". Couture brands have moved into cosmetics, fragrances and spectacles - all "fashion vision products". Banks view offer insurance policies, investments, business advice and other financial services. One of the most successful brand-stretchers is Walt

Disney, which has added merchandise, shops, books, videos, games and theme parks to its original filmmaking. The move from making children's cartoons to other products embodying the same figures appears a natural development. Yet these are totally different businesses - there are few synergies in making films, running shops and operating a sophisticated packaged holiday business.

Disney's success comes from its clear view about what its core brand values are, says Mr Day. "Disney is about fun, entertainment, childhood and families doing things together. Any business that addresses those values fits into the brand."

Where the connection is tenuous, brand-stretching may be less successful - as Cadbury Schweppes, the UK confectionery and soft drink group, found with Smash instant mashed potato. Cadbury's Smash was launched with a whacky advertising campaign featuring laughing robots that won critical plaudits but failed to establish the product.

"Cadbury's brand equity is in sweet things and indulgence foods," says Simon Williams of Sterling Group, a New York branding consultancy. "Mashed potato did



From films to theme parks: Mickey Mouse celebrates his birthday at Disneyland in California. AP

not resonate with these values." Fisher-Price, the toy manufacturer, had a similar experience when it branched into shampoo. "Consumers just didn't expect to see the brand-name in a row of hair-care products," says Mr Williams.

Overstretching a brand can damage the original products that carried it, says Brian Boylan of Wolff Olins, the corporate identity consultants. He believes Jaguar has made a mistake by using stretching its luxury car marque to cover luggage and other travel accessories that are not so upmarket.

"Brands are about promise and delivery," he says. "Don't stretch if you can't deliver the promise." Is Coca-Cola making a similar mistake in stretching its

brand from soft drinks to casual clothing? "All the evidence is brands stretch best when they come from a high emotional starting point," says Sterling's Mr Williams. "Disney has it and so does MTV. But packaged goods are more functional everyday brands and it could be a real challenge for Coke to move into a more experiential category such as fashion."

The connection between clothing and soft drinks is tenuous: wearing clothes is, of course, normal when drinking Coke - but then, so what? If Coca-Cola Wear, as the new range will be called, is to succeed, it will have to be on its merits as high-quality casual clothing which has a real point of difference from competitors.

That could be hard in an industry which is literally at the mercy of fashion - an industry that Coca-Cola has no experience of. Indeed, Brian Boylan of Wolff Olins questions whether Coke's corporate culture is up to making the transition.

"Coca-Cola's brand culture is about dominance and control. The fashion industry is very different with the emphasis on creativity."

That was certainly what happened with Coca-Cola's ownership of Columbia Pictures, the Hollywood studio. The result was a prolonged management headache made profitable only by its subsequent sale to Sony for \$2.4bn.

If anyone can stretch its brand in this way, Coke can, says Sterling's Mr Williams. "But it will be like pushing water uphill."

For decades, the IOC has been answerable to no one. Accountability and transparency are largely absent. The organisation is run from a tax haven by a small group of mostly elderly men who possess enormous power, given the hefty revenues - typically between \$8bn and \$10bn - generated by a Summer Olympics for the host city.

More recently, however, the IOC has become more dependent on, and therefore answerable to, outside forces, as it has enthusiastically embraced commercialism. The need to raise billions of dollars from sponsors to meet the enormous cost of organising the games has also left the IOC more vulnerable.

A multinational paying \$50m for the right to sponsor the Olympics, and at least as much again in advertising, has a powerful voice within the IOC. Even Juan Samaranch, the movement's president and one of sport's last great autocrats, must listen to what it says.

Speculation is mounting that some senior IOC figures angered by Samaranch's failure to control the excesses of members during the bidding processes will ask the 78-year-old Spaniard to resign.

Although Mr Samaranch has said he will resist attempts to remove him, the final word on whether he stays or goes may well rest with the Olympic movement's new masters in the corporate world.

## Olympic torch gutters

Patrick Harverson on the allegations of corruption surrounding bids for the Games

"Faster, Higher, Stronger" is the Olympic motto. To which could now be added "Deeper", as the movement plunges further into the mire created by the Salt Lake City corruption scandal.

In the past month, the International Olympic Committee's carefully constructed image of honour and probity has been shattered by revelations of wrongdoing by its members during the US city's successful campaign to host the 2002 Winter Olympics.

In the past four days, further allegations of corruption involving other Olympic bids have surfaced and two IOC members have resigned. Pressure has mounted for Juan Samaranch, the IOC's president, to step down, while a senior IOC official has made a humble apology on behalf of the movement for dragging the Olympic name through the mud.

Allegations of bribery, corruption and rampant free-loading among the 100 or so IOC members who select the Olympic sites are nothing new. They go back to the 1980s, when cities began to compete aggressively to attract the Olympics and the billions of dollars of investment and spending that accompany the games.

When 107 IOC members gathered in Lausanne 18 months ago to choose the host city for the 2004 Summer Games, Francois Carrard, director general of the

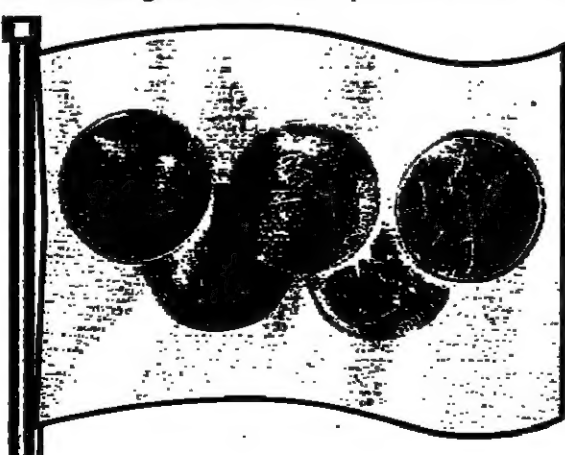
IOC, was asked about allegations of corruption by two of the bidding cities. He dismissed them out of hand: "There are always plots, rumours and insinuations in a bidding process like this." That was how the IOC always handled the allegations, shunning them off as conspiracy theories peddled by grudge-bearing journalists, or the result of sour grapes on the part of defeated bidders.

Even when Salt Lake City officials themselves complained in 1993 that an agent had been offering IOC votes in return for cash, no action was taken.

The allegations have stuck this time because the mud-slinging has come from within the Olympic movement itself, and from the very highest level.

Last month, 60-year-old Marc Hodler, a senior Swiss IOC official, told an IOC executive board meeting he had evidence that some of the organisation's members had been bribed by Salt Lake City.

His allegations stunned the IOC, which was not used to hearing them come from one of its own. It set off a train of events leading directly to today when Richard Pound, the Canadian vice-president of the IOC heading an internal investigation, delivers



his report in Lausanne. The report is expected to reveal evidence of widespread abuse by at least a dozen IOC members, including the acceptance of money, gifts and other inducements from Salt Lake City officials. In their defence, the city officials claim they had little choice but to meet the extravagant demands of the Olympic decision-makers.

The findings are likely to result in the resignation or expulsion of many of the members named in the report, and in a complete overhaul of the bidding procedure.

There has already been talk of cutting back the number of IOC members involved in host city selection

or of handing over the entire decision-making process to an independent body. The IOC knows it cannot afford to be complacent. In addition to the damage already done to the Olympic movement's image, the corruption scandal could cost the IOC a lot of money.

Eleven multinational companies pay the IOC a total of \$500m to sponsor the winter and summer games. Several times that amount is raised by the cities hosting the events. NBC, the US broadcast group, has paid \$3.5bn for the television rights to the next three Olympics.

With these amounts of money committed to the

games, sponsors and broadcasters are understandably disturbed about the impact of the scandal. If the big corporate sponsors believe their own reputations are being harmed, they could withdraw funding for future games.

The organisers of the Salt Lake City games and the US Olympic Committee also have good reason to be worried about the impact on sponsors: they still have to raise several hundred million dollars in sponsorship money to meet the estimated \$1.45bn cost of hosting the Winter Games.

Unsurprisingly, the IOC has been desperate to reassure sponsors that the Olympic stables are being swept clean. The IOC even sent Michael Payne, its head of marketing, on a whistlestop tour of top Olympic sponsors this week to soothe their concerns.

"He wanted to go and talk to each partner to explain what the IOC is doing and that we are taking prompt and decisive action," said Liz McMahon, the organisation's manager of marketing services. Sponsors had been "appreciative" of the measures already taken by the IOC, she said.

Her remarks hint at how power has shifted in the Olympic movement during the past few years.

## Beyond perjury

Mark Suzman considers the lesser known charge against President Clinton, that of obstructing justice

So far the trial of the century has been a bust.

The characters have become familiar to the point of boredom. The videotapes and documents no longer titillate. Most Americans already believe President Bill Clinton committed perjury - the first article of impeachment against him - when testifying about his affair with Monica Lewinsky. But with that issue widely regarded as an unprovable "he said, she said" debate, few have much interest in watching these issues debated in the Senate.

Next week that could change. If - as seems possible - senators decide to call witnesses, two things may happen. First, the prospect of seeing Ms Lewinsky and others on the stand would pique public interest. Second, the 13 Republican prosecution "managers" from the House of Representatives would be given a new opportunity to focus attention on the second, less well understood impeachment charge against Mr Clinton: obstruction of justice.

So far, few people have paid close attention to this charge amid the welter of tawdry sexual details. But it is the prosecutors' belief, their last and best chance to secure the conviction of an immensely popular president.

Why should the prospects for proving this allegation be any better than their chances in the perjury charge? The key reason is that the obstruction charge rests on a complicated web of evidence and testimony. Though the evidence is circumstantial, there is a lot more of it than in the perjury case and, prosecutors hope, senators may accord it greater weight.

Moreover, witness may be called in this matter and they could help demonstrate that the president's behaviour was more than simply an attempt to wriggle out admitting an embarrassing affair. Rather, in the words of Bill McCollum, a Florida congressman, the president "knowingly, intentionally and wilfully" set out on a course to subvert the US justice system.

The charge rests on a set of events surrounding the now settled Paula Jones sexual harassment case. They all follow the decision by a judge to allow Ms Lewinsky to take the stand. There are three key assertions.

First, that Mr Clinton encouraged Ms Lewinsky to give a false affidavit and to conceal evidence (presents that he had given her) by handing them over to Betty Currie, his personal secretary.

Second, that he sought to have his friend, Vernon Jordan, a powerful Washington lawyer, help Ms Lewinsky find a new job in New York in exchange for her silence.

Third, that he misled and sought to influence the testimony of several White House staffers - most notably Mrs Currie - after he had denied his affair with Ms Lewinsky under oath.

Much of this evidence has been available for months. But in making the case for the prosecution this week, the managers were able to present it in a way that, to many observers, portrayed Mr Clinton's actions in a new, more negative light.

For example, they convincingly argued that what had previously been a low-key attempt by Mr Jordan to find Ms Lewinsky a job suddenly intensified when she was subpoenaed. They also revealed several striking lists of phone calls showing Mr Jordan talked consecutively to the White House and to Ms Lewinsky; this, they said implied that he was keeping the president closely informed about his actions.

But while persuasive, all that was far from a knock-out blow. The White House lawyers responded with some weighty counter-punches. For example, they demonstrated that the prosecution had mixed up the timing of some phone calls and judicial decisions. They also managed to cast doubt on the issue of whether Mr Clinton had in fact sought to conceal the gifts.

Nevertheless, the president's team had trouble dismantling the overall argument put forward by the prosecution. Some explanations offered stretched the credibility of listeners, such as the argument that Mr Clinton's decision to go over his testimony with Mrs Currie was made in anticipation of media queries rather than judicial ones.

But implausibility is not the same as proof. And as the White House team repeatedly pointed out, there is no hard evidence of wrongdoing, only circumstantial material. For example, there is no proof that, in the course of Mr Jordan's phone calls, he and Mr Clinton discussed finding a job for Ms Lewinsky in exchange for her silence. There is only evidence that a phone call was made.

That is why the managers are clinging to the hope that witnesses could turn the case by providing such evidence. Their problem, however, is that the three key people - Ms Lewinsky, Mr Jordan and Mrs Currie - have already given extensive testimony that tends to favour the president on most matters. Ms Lewinsky herself has said that the president never asked her to lie or file a false affidavit.

As a result, barring an unexpected bombshell, most observers will probably give the benefit of the doubt to the defence interpretation. And although the timing remains unclear, the final outcome of the Senate's deliberations still seems likely to concur with the contention by Cheryl Mills, one of Mr Clinton's lawyers, that his conduct "while clearly not admirable, is not criminal".

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## COMMODITIES &amp; AGRICULTURE

## Oil curbed by warmer weather

## WEEK IN THE MARKETS

By Caroline Fossey

March Brent blend closed at \$10.71 a barrel on the International Petroleum Exchange on Monday. The price was down on the previous close as the market reacted to signs of a warming of both the weather and relations in the Gulf. Iraq was in talks at the weekend about ways to reduce UN sanctions.

Milder temperatures in the northern hemisphere renewed fears that oil supply levels would remain high. The price moved higher, trading at \$11.27 a barrel on Thursday on reports of troop movements in the Gulf, but had fallen to \$10.83 by Friday in late trading.

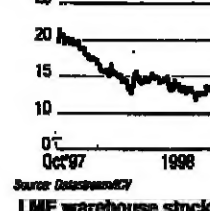
Copper led base metals lower on the London Metal Exchange on Tuesday. Analysts are expecting metal price forecasts to be reduced after the Brazilian upturn. Phelps Dodge, the largest copper producer in the US, is predicting a surplus of up to 400,000 tonnes if no further production cuts are made.

Monday night's announcement that Highland Valley Copper is to close its 170,000-tonnes-a-year mine in British Columbia kept prices of all base metals firm on Tuesday. Loss of Highland Valley's production could negate the existing surplus of copper concentrates - the material treated and refined by copper smelters.

Aluminium for delivery in three months hit a new five-year low of \$1,208 a tonne before Wednesday's close. Prices remained depressed.

## Oil price

Brent Blend 2-month forward (\$ per barrel)



Source: CommoditySource

## LME warehouse stocks

Commodity	Tonnes	Change
Aluminium	776,725	+46,406
Aluminium alloy	96,900	+2,200
Copper	516,071	+3,700
Lead	102,000	+1,000
Nickel	60,000	-2,000
Zinc	316,200	+1,100
Tin	7,770	-100

\* Thursday's close

with the surplus forecast to increase this year. However, the latest quarterly forecast from Anthony Bird Associates, consultants, shows a 1999 surplus of 482,000 tonnes, giving way to deficit of 123,000 tonnes in 2000 and 443,000 in 2001. It expects prices to recover to \$1,900 a tonne by 2001.

The largest single market for aluminium is transport. A new report, looking at long-term prospects, predicts that by 2008 the aluminium content of a typical car will increase by some 61 per cent, at the expense of steel and cast iron.

Lord Bagnall, LME chairman, confirmed on Wednesday that the exchange was to introduce two new contracts this summer: silver and an index contract, a weighted index of the six metals traded on the LME.

## BASE METALS

## LONDON METAL EXCHANGE

(Prices last Available Market Trading)

IN ALUMINIUM, 99.7% Purity (\$ per tonne)

Commodity	Price
Cash	1215.15-15
Close	1215.15
Previous	1215.15
High/Low	1199/1225
AM Official	1215.15-16
North Close	1223.34
Open Int.	277,747
Total daily turnover	149,112

IN ALUMINIUM ALLOY (\$ per tonne)

Commodity	Price
Cash	1047-10
Close	1047-10
Previous	1047-10
High/Low	1047-10
AM Official	1047-10
North Close	1047-10
Open Int.	7,880
Total daily turnover	2,665

IN LEAD (\$ per tonne)

Commodity	Price
Cash	494-4
Close	494-4
Previous	494-4
High/Low	494-4
AM Official	494-4
North Close	494-4
Open Int.	36,518
Total daily turnover	4,890

IN NICKEL (\$ per tonne)

Commodity	Price
Cash	4290-30
Close	4290-30
Previous	4290-30
High/Low	4290-30
AM Official	4290-30
North Close	4290-30
Open Int.	68,424
Total daily turnover	12,567

IN TIN (\$ per tonne)

Commodity	Price
Cash	5140-75
Close	5140-75
Previous	5140-75
High/Low	5140-75
AM Official	5140-75
North Close	5140-75
Open Int.	30,581
Total daily turnover	5,384

IN ZINC, SPECIAL HIGH GRADE (\$ per tonne)

Commodity	Price
Cash	922-3.5
Close	922-3.5
Previous	922-3.5
High/Low	922-3.5
AM Official	922-3.5
North Close	922-3.5
Open Int.	86,261
Total daily turnover	26,430

IN COPPER, GRADE A (\$ per tonne)

Commodity	Price
Cash	1420-37
Close	1420-37
Previous	1420-37
High/Low	1420-37
AM Official	1420-37
North Close	1420-37
Open Int.	176,020
Total daily turnover	41,680

IN LME AM OFFICIAL DOLLAR RATE

Commodity	Price
100 US Dollars	1.6589
100 British Pounds	1.6589

Source: LME

IN LME AM OFFICIAL DOLLAR RATE

Commodity	Price
100 US Dollars	1.6589
100 British Pounds	1.6589

Source: LME

IN LME AM OFFICIAL DOLLAR RATE

Commodity	Price
100 US Dollars	1.6589
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Source: LME

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100 British Pounds	1.6589

Source: LME

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100 British Pounds	1.6589

Source: LME

IN LME AM OFFICIAL DOLLAR RATE

Commodity	Price
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Source: LME

IN LME AM OFFICIAL DOLLAR RATE

Commodity	Price
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Source: LME

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Source: LME

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Source: LME

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Source: LME

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Source: LME

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Source: LME

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Source: LME

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Source: LME

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Source: LME

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Source: LME

IN LME AM OFFICIAL DOLLAR RATE

Commodity	Price
100 US Dollars	1.6589
100 British Pounds	1.6589

Source: LME

IN LME AM OFFICIAL DOLLAR RATE

Commodity	Price
100 US Dollars	1.6589
100 British Pounds	1.6589

Source: LME

## Precious Metals continued

IN GOLD COMEX (100 Troy oz; \$ per oz)

Commodity	Price
Cash	288.7
Close	288.7
Previous	288.7
High/Low	288.7
AM Official	288.7
North Close	288.7
Open Int.	288.7
Total daily turnover	288.7

IN PLATINUM COMEX (100 Troy oz; \$ per oz)

Commodity	Price
Cash	940.1
Close	940.1
Previous	940.1
High/Low	940.1
AM Official	940.1
North Close	940.1
Open Int.	940.1
Total daily turnover	940.1

IN PALLADIUM COMEX (100 Troy oz; \$ per oz)

Commodity	Price
Cash	351.5
Close	351.5
Previous	351.5
High/Low	351.5
AM Official	351.5
North Close	351.5
Open Int.	351.5
Total daily turnover	351.5

IN SILVER COMEX (100,000 oz; \$ per oz)

Commodity	Price
Cash	507.2
Close	507.2
Previous	507.2
High/Low	507.2
AM Official	507.2
North Close	507.2
Open Int.	507.2
Total daily turnover	507.2

IN GOLD COMEX (100 Troy oz; \$ per oz)

Commodity	Price
Cash	288.7
Close	288.7
Previous	288.7
High/Low	288.7
AM Official	288.7
North Close	288.7
Open Int.	288.7
Total daily turnover	288.7

IN PLATINUM COMEX (100 Troy oz; \$ per oz)

Commodity	Price
Cash	940.1
Close	940.1
Previous	940.1
High/Low	940.1
AM Official	940.1
North Close	940.1
Open Int.	940.1
Total daily turnover	940.1

IN PALLADIUM COMEX (100 Troy oz; \$ per oz)

Commodity	Price
Cash	351.5
Close	351.5
Previous	351.5
High/Low	351.5
AM Official	351.5
North Close	351.5
Open Int.	351.5
Total daily turnover	351.5

IN SILVER COMEX (100,000 oz; \$ per oz)

Commodity	Price
Cash	507.2
Close	507.2
Previous	507.2
High/Low	507.2
AM Official	507.2
North Close	507.2
Open Int.	507.2
Total daily turnover	507.2

IN GOLD COMEX (100 Troy oz; \$ per oz)

Commodity	Price
Cash	288.7
Close	288.7
Previous	288.7
High/Low	288.7
AM Official	288.7
North Close	288.7
Open Int.	288.7
Total daily turnover	288.7

IN PLATINUM COMEX (100 Troy oz; \$ per oz)

Commodity	Price
Cash	940.1
Close	940.1
Previous	940.1
High/Low	940.1
AM Official	940.1
North Close	940.1
Open Int.	940.1
Total daily turnover	940.1

IN PALLADIUM COMEX (100 Troy oz; \$ per oz)

Commodity	Price
Cash	351.5
Close	351.5
Previous	351.5
High/Low	351.5







## UNIT TRUSTS

## WINNERS AND LOSERS

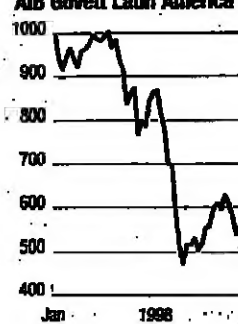
## TOP FIVE OVER 1 YEAR:

Fidelity American	1,322
Baring German Growth	1,764
Baring Korea	1,704
Save & Prosper Korea	1,877
Abendson Profit Technology	1,584

## BOTTOM FIVE OVER 1 YEAR:

Scott Widows Latin America	446
Perpetual Latin American Gth	450
Edinburgh Latin America A	480
AIB Growth Latin America	482
Five Arrows G Latin America A	496

## AIB Growth Latin America



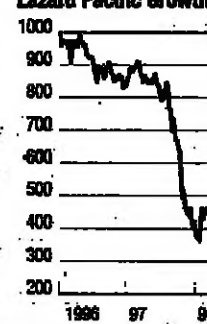
## TOP FIVE OVER 3 YEARS:

Fidelity American	2,708
Investco European Growth	2,512
TU European	2,232
Jupiter UK Growth Exempt	2,203
Old Mutual North American	2,187

## BOTTOM FIVE OVER 3 YEARS:

Old Mutual Thailand Acc	259
Save & Prosper Gold & Exptn	287
Lazard Pacific Growth	406
Barrington Gold & Int'l Resource	413
Save & Prosper Southern Africa	418

## Lazard Pacific Growth



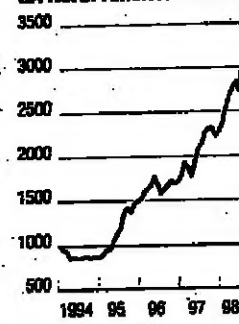
## TOP FIVE OVER 5 YEARS:

Fidelity American	3,474
Abendson Profit Technology	3,414
GA North America Growth	3,283
Investco European Growth	3,193
Gartmore European Sal Opps	3,084

## BOTTOM FIVE OVER 5 YEARS:

Save & Prosper Gold & Exptn	297
Edinburgh Latin America A	311
Old Mutual Thailand Acc	348
Abendson Profit Energy Mkts	359
Save & Prosper Korea	379

## GA North America Growth



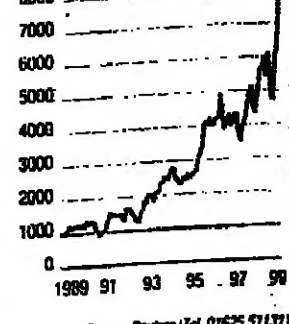
## TOP FIVE OVER 10 YEARS:

Abendson Profit Technology	10,482
GA North America Growth	8,681
Fidelity American	8,046
Henderson Global Technology	7,750
F&C US Smaller Companies	7,583

## BOTTOM FIVE OVER 10 YEARS:

Barclays Japan	376
M&G Japan Acc	452
Investco Japan Growth	502
Henderson Japan Smaller Cos	506
HSBC Japan Index	521

## Henderson Global Technology



Tables show the result of investing £1,000 over different time periods. Trends are based on 3-year performance. Warnings: past performance is not a guide to future performance.

## Indices

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Average Unit Trust	1059	1278	1431	2820	4.4	2.4				
Average Investment Trust	1059	1342	1404	3147	6.2	4.8				
Bank	1045	1121	1207	1748	0.0	5.7				
Building Society	1042	1113	1202	1748	0.0	5.4				
Stockmarket: FTSE All-Share	1147	1642	1880	3385	2.8	3.9				
Inflation	1028	1091	1159	1490	0.3					

## UK Growth

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Jupiter UK Growth Exempt	1269	2203								
River & Mercantile Ltd Growth	1069	1816	2111							
Edinburgh Capital Growth	1093	1907	1776							
Lloyds TSB Environmental Inv	1171	1772	1871							
Johnson Fry Global Growth	888	1759	1904	4144	4.3	1.3				
SECTOR AVERAGE	1099	1446	1567	2821	3.5	1.8				

## UK Growth &amp; Income

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
CF The Utilities	1161	1854	2109							
Lawrence Kean Income & Growth	1122	1741	1798							
Fleming Select UK Income	1118	1731	1973	3212	3.7	2.9				
Fidelity Moneybuilder Index	1159	1730								
River & Mercantile Top 100	1184	1729								
SECTOR AVERAGE	1075	1484	1618	3047	3.7	2.1				

## UK Smaller Companies

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
GT UK Smaller Companies Acc	1159	1857	1487							
Henderson Exempt Growth	1061	1816	1852							
Lawrence Kean Smaller Companies	832	1464	1794	2335						
River & Mercantile Co's	890	1434	1640							
Lawrence Kean Smaller Cos	934	1431	1628							
SECTOR AVERAGE	891	1135	1249	1950	4.4	1.3				

## UK Equity Income

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
BWD UK Equity Income	1101	1711	1889	3529	3.4	3.2				
Prudential Dividend	1119	1665	1846	2211	3.6	3.7				
Fidelity Income Plus	1085	1649	1837	2804	3.3	4.0				
NPI Global Core Income	1133	1638								
Investco UK Income Share	1105	1620								
SECTOR AVERAGE	1030	1436	1519	2882	3.4	3.9				

## UK Equity &amp; Bond Income

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Abbey National Extra Income	1067	1568	1989	3535	2.5	4.2				
Edinburgh UK Income A	1089	1558	1814	2437	3.0	3.4				
CS UK Income	1059	1511	1597							
Fidelity High Income	1094	1470	1379							
GT UK High Yield	1078	1461	1474	2585	2.7	5.4				
SECTOR AVERAGE	1038	1361	1417	2474	2.8	4.8				

## UK Eq &amp; Bd

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Perpetual High Income	1040	1511	1747	4888	3.9	3.8				
NPI UK Extra Income	1130	1508	1700							
Cattle Income Dis	1025	1456	1587	2704	3.1	2.8				
AXA Sm Lts High Yield	1022	1451	1514	2564	3.1	2.8				
Newport Distributor	1084	1448								
SECTOR AVERAGE	1048	1451	1566	3082	3.1	2.7				

## UK Fixed Interest

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
GT UK PPF Preference	1109	1518	1611	2412	2.9	5.8				
Morgan Gren MP Annuity Conv Ex	1147	1484								
Abendson Profit City Bond	1120	1483	1584	2257	1.5	4.8				
Henderson Preference & Bond	1078	1467	1542	2155	1.2	6.5				
GT UK PPF Monthly Income Plus	1084	1449	1516							
SECTOR AVERAGE	1088	1316	1375	2223	1.4	5.7				

## UK Gift

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Fleming Select Long-dated Gilt	1248	1649								
Fidelity Institutional Lg Gilt	1248	1620								
Mercury Long-Dated Bond	1161	1491	1473							
M&G Gilt & Fixed Interest	1182	1427	1482	2386	1.5	4.1				
Fleming Select UK Index Linked	1177	1402								
SECTOR AVERAGE	1124	1308	1317	2238	1.3	4.8				

## Far East ex Japan

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Friends Prov Australian	988	1142	1194	2693	5.2					
HSBC Hong Kong Growth	919	954	908	4119	10.8	2.8				
Fidelity South East Asia	1094	818	882	3274	9.2	1.3				
Henry Cooke Lg East Enterprise	925	811								
Henderson Asian Enterprise	1069	800	780							
SECTOR AVERAGE	1001	800	881	2241	8.1	1.3				

## Far East Inc Japan

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Jupiter Far East	1088	882	743	1769	7.7					
Save & Prosper Far East Sm Cos	1049	811	886							
Dreadnought Global Income	1015	754	731	1880	8.5	3.1				
AIB Growth Greater China	858	741	673	1758	9.7					
Smith & Williamson Far East	832	726	701							
SECTOR AVERAGE	968	851	842	1435	6.7	0.9				

## Japan

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Baillie Gifford Japanese	1018	870	803	1239	5.8					
Murray Japan Growth	1164	858	872							
Newton Japan	981	859	880	986	6.2					
GT Japan Growth	953	828	822	1165	3.4	0.9				
Marlin Currie Japan	890	806	806							
SECTOR AVERAGE	984	818	863	901	6.4	0.3				

## Europe

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
INVESTCO European Growth	1574	2512	3193	6403	8.7					
TU European	1405	2232	2832							
Baring German Growth	1764	2172	2890							
Mercury European	1965	2157	2780	3085	5.8	0.6				
Thamesdown Euro Sal Gt Acc R	1379	2141	2856	5194	6.2	0.1				
SECTOR AVERAGE	1298	1749	2116	4285	5.5	0.8				

## Global Emerging Mkts

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Stewart New Emerging Markets	754	791	858							
HSBC Global Emerging Mkts	755	745								
Mercury Emerging Markets	681	715	617							
Gartmore PS Emerging Markets	785	713	648							
Save & Prosper Emerging Mkts	735	688								
SECTOR AVERAGE	730	634	688	1816	8.2	1.3				

## International Equity Income

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
GT International Income	1181	1814	1814	4089	3.5	1.7				
Prudential Global 100	1280	1629	1636	2200	4.3					
Meyflower Global Income	1090	1377	1529	2885	3.4	2.2				
M&G International Income	1048	1305	1444	3198	3.8	4.0				
SECTOR AVERAGE	1128	1456	1608	3118	3.7	2.1				

## International Fixed Interest

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Newton International Bond	1084	1220	1293							
Marlborough Managed	1067	1218	1378	2559	1.7	2.9				
Barclays Int'l Fx Interest	1076	1213	1282							
HSBC Int'l Bond & Convertible	1059	1212	1235							
Baring Global Bond	1042	1202	1222							
SECTOR AVERAGE	1084	1081	1135	1988	1.7	4.4				

## International Equity &amp; Bond

Index	1989	1990	1991	1992	1993	1994	1995	1996	1997	1
-------	------	------	------	------	------	------	------	------	------	---







[illegible]

Estimate	Bidding	Bidding	+ or -	Total	Estimate	Bidding	Bidding	+ or -	Total
Change	Price	Price	%	\$	Change	Price	Price	%	\$

Equity	\$98.2	\$98.76	-2.38	1.75	WE				
Subscriber Companies	\$9.25	\$9.04	-0.27	1.28	WE Equity Income	\$-0.1	\$9.20	-1.65	
Non-Equity	\$128.58	\$129.79	-6.20	0.30	WE Growth	\$-	\$9.02	-2.67	
Total Funds	\$138.83	\$137.85	-3.26	0.41	WE Dividends & Interest	\$-	\$4.80	-1.71	

[illegible]

Energy Growth	32%	132.5	140.8	-8.34	0.69	Energy Index Cn Month	30.55	-1.80
SE 100	21%	87.86	98.93	-11.07	1.37	Agri Growth Acc	32.09	-0.82
SE 500	21% C	71.46	79.42	-11.21	2.01	Energy Index Cn Year	68.19	-1.29
SE 100	21%	87.86	98.93	-11.07	1.37	Agri Growth Acc	32.09	-0.82
SE 500	21% C	71.46	79.42	-11.21	2.01	Energy Index Cn Year	68.19	-1.29

**Timothy Holt Trust Management Ltd (10000)**  
 Atlantic Station House, Bognor Regis, West Sussex, BN8 6LJ  
 Sussex OX2 024-475 Fax: 01243 852914

Brookfield Ind.	5	100.00	100.00	-0.00
Brookfield Ind. A	5	100.00	100.00	-0.00
Brookfield Ind. B	5	100.00	100.00	-0.00
Brookfield Ind. C	5	100.00	100.00	-0.00
Brookfield Ind. D	5	100.00	100.00	-0.00
Brookfield Ind. E	5	100.00	100.00	-0.00
Brookfield Ind. F	5	100.00	100.00	-0.00
Brookfield Ind. G	5	100.00	100.00	-0.00
Brookfield Ind. H	5	100.00	100.00	-0.00
Brookfield Ind. I	5	100.00	100.00	-0.00
Brookfield Ind. J	5	100.00	100.00	-0.00
Brookfield Ind. K	5	100.00	100.00	-0.00
Brookfield Ind. L	5	100.00	100.00	-0.00
Brookfield Ind. M	5	100.00	100.00	-0.00
Brookfield Ind. N	5	100.00	100.00	-0.00
Brookfield Ind. O	5	100.00	100.00	-0.00
Brookfield Ind. P	5	100.00	100.00	-0.00
Brookfield Ind. Q	5	100.00	100.00	-0.00
Brookfield Ind. R	5	100.00	100.00	-0.00
Brookfield Ind. S	5	100.00	100.00	-0.00
Brookfield Ind. T	5	100.00	100.00	-0.00
Brookfield Ind. U	5	100.00	100.00	-0.00
Brookfield Ind. V	5	100.00	100.00	-0.00
Brookfield Ind. W	5	100.00	100.00	-0.00
Brookfield Ind. X	5	100.00	100.00	-0.00
Brookfield Ind. Y	5	100.00	100.00	-0.00
Brookfield Ind. Z	5	100.00	100.00	-0.00

[illegible]

INTL. SEC. FUND	30.85	+0.1	0.1%	INTL. AMERICAN	0	132.10	149.53	-17.43
INTL. ACC.	30.87	+0.1	0.1%	INTL. EXPLOR. & DEV.	0	491.10	522.51	-31.41
INTL. COMB. ACC.	31.92	+0.2	0.6%	INTL. EXPLOR. & DEV. FUND	0	300.54	532.40	-23.86
INTL. SEC. FUND	31.92	+0.2	0.6%	INTL. EXPLOR. & DEV. FUND	0	491.10	522.51	-31.41

Energy Index	71.48	+0.5	1.2%	Energy	174.33	174.33	+0.01
Commodity Index	54.28	-0.5	0.7%	UK Index Tracking	178.58	178.58	-1.27
UK Commodity Index	60.28	-0.5	1.0%	Pension Growth	149.77	149.77	—
UK Commodity Index	60.28	-0.5	1.0%	Global Growth	149.77	149.77	—

Equity Capital Growth Inc.	12.95	+0.00	0.00%	172.00	172.00	0.00%
Equity Acc.	82.65	-0.3	-0.37%	172.00	172.00	0.00%
Equity Growth Acc.	147.4	-1.8	-1.23%	172.00	172.00	0.00%
Equity High Income Inc.	54.88	-0.7	-1.24%	172.00	172.00	0.00%

Greater Cos Acc... 0	62.98	+0.2	1.82	On Income..... 15%	38.00	67.50	+0.25
Small Life Trust Management				On Growth..... 3%	104.10	104.70	+0.60
Equity Cos Int... 5%	60.26	65.26	-4.0	1.06			
Life Cos Int... 0%	6.00	6.00	-0.0	1.00			
Windsor Trust Managers Ltd (170000)							

On Acc.	5%	19.71	39.86	+0.2	-	Corporate Bond Acc	0	64.47	64.00	+0.14
Open Acc.	5%	93.16	38.99	-1.1	-					

On Street Unit Trust Mortgage Ltd (1-800) 467-1111

OTHER LINK

Europe Ad	5%	262.20	257.100	-	0.99
Asia Ex Japan Ad	5%	27.000	2,274	-	0.97
Japan Ad	5%	723.52	118.000	-	0.99
North American Ad	5%	55.673	4,000	-	0.99

Verizon	5	888.0	738.5	-12.3	-	Energy Manager	121.24	120.00	-0.71
Verizon	5	825.0	871.4	-14.5	-	Energy Fund Managers Ltd			
Verizon	5	1724.0	1824.0	-64.7	2.00	155			
Verizon	5	1724.0	1824.0	-64.7	2.00				

<b>CAC - Clearly Managed</b>	86.79	86.79	+0.00
<b>Big Red, West Valley, Kent</b>	86.79	86.79	+0.00

2 Fore Street, London EC2Y 5RD	0171-595
Investment Inc Jan 91	1071 22 1987 40
Investment Acc	1145.20 1789.10

Payable For	5	15.27	16.15	-0.88	0.91	Call on Cash 1/19/91	12.57	12.57	0.00
On Deposit For	8	102.24	102.24	—	5.6	On-Go with Cash 1/19/91	12.57	12.57	0.00
On Deposit & Cash Inc.	5	175.16	171.43	+3.73	5.37	On-Go with Cash 1/19/91	12.57	12.57	0.00

Company	Price	Change	%
Amgen	105.37	-5.00	-4.73
Amgen	78.97	-4.00	-5.08
Amgen	38.00	-0.25	-0.66
Amgen	43.00	-0.25	-0.58

**Charizard C/P Points**

Company	Price	Change	%
Amgen	105.37	-5.00	-4.73
Amgen	78.97	-4.00	-5.08
Amgen	38.00	-0.25	-0.66
Amgen	43.00	-0.25	-0.58

Total 1991 Stage 4 23%					Growth Copy 12-31-91 17,400 14,000 14,000				
Fusion Funds					Growth Copy 1st Jan 15 21,400 14,000 14,000				
1st & 2nd Quarter Launch 3					Charlton/Charlton 1/1000				
2nd Quarter Launch 3					3rd Quarter Launch 3/1000				
2nd Quarter Launch 3					3rd Quarter Launch 3/1000				

Checkmate Acct.	99.0	100.0	-1.0
Chrysler Bank Deposits	174.0	174.0	-0.0
Chrysler Bank Int'l Acct.	119.7	119.7	-0.0

Depreciation & Recovery Inc. H. 6	100.00	95.28	—	2.72	Depreciation & Recovery Inc. H. 6	100.00	95.28	—	2.72
Depreciation & Recovery Acc. H. 6	99.47%	97.81	—	2.78	Fixed Int Income Jan 21	145.32	145.00	—	0.32
Depreciated Inc. H. 6	195.5	193.0	—	2.50	Fixed Int Income Jan 21	387.82	387.00	—	0.82
Depreciated Inc. H. 6	195.5	193.0	—	2.50	Fixed Int Income Jan 21	387.82	387.00	—	0.82

1994 Acc. H. 100/1	127.9	—	0.00	Charity Equity Acc.	273.45	273.68	+2.23	
1995 Acc. H. 7/1	722.5	722.7	-1.20	0.34	Charity Fund Int. Inc.	128.86	128.22	+6.64
1996 Acc. H. 7/1	122.9	124.1	-1.20	0.34	Charity Fund VI Acc.	203.47	202.88	+0.59
1997 Acc. H. 7/1	100.0	100.0	0.00	0.00				

Pay Fd Inc.	7 1/2	101.5	110.5	2.26	Ely Place Investments Ltd		
Pay Fd Acc.	7 1/2	101.5	110.5	2.26	PO Box 532 135 Hargreaves Lane	Edinburgh W7 4BT	
Secured Fd Inc.	7 1/2	101.5	110.5	2.26	Alpha Centre		
Secured Fd Acc.	7 1/2	101.5	110.5	2.26			

**Fluorocoping Clarity Portfolio**  
25 Colindale Avenue EC91 7PN (0771-888 3  
UK Entry 22.000 2.077M - 0.000

Sgt. GUYO OGDEN		Empire (986-2006-4)		Quarters - 1st Regt. Cavalry, 1st Div.	---	---
Partners Fg Inc.	@	107.10	100.20	Common Fund for pages Jan 10	1,200.00	1,200.00
Partners Fg Acc.	@	100.35	102.67	Reg 10th Co. Field Artillery, Jan 10	\$7.2	\$7.7
				Labor Agreement Act. Jan 20	77.5	76.2

Sales Price				Sales Price				Sales Price			
Units				Units				Units			
Units				Units				Units			
Units				Units				Units			
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100-443887-100











## Offshore Funds and Insurances

\* FT Cyaline Unit Trust Prices are available over the telephone. Call the FT Cyaline Help Desk on 1-44 1711 823 4378 for more details.

**FT MANAGED FUNDS SERVICE**[illegible]



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[illegible]

**Serving Institutional Investors Worldwide—**

180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732																																																																																																																																																																																																																																																																												

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## LONDON STOCK EXCHANGE

## Latin American woes trigger big Footsie slide

## MARKETS REPORT

By Steve Thompson, UK Stock Market Editor

Renewed fears that the economic and financial crises affecting Brazil might quickly engulf other Latin American countries and also switch continents - with China now seen as a target - brought more hefty losses in London's equity market yesterday.

And the market also had to contend with the possibility that it might not get another UK interest rate cut after the next meeting of the Bank of England's monetary policy committee.

Those doubts about rate cuts

came after news that the first estimate of UK gross domestic product for the fourth quarter of 1998 showed a 0.2 per cent increase for a year-on-year figure of 1.6 per cent. That compared with consensus forecasts of 0.1 per cent and 1.5 per cent.

At the finish of a gloomy session, the FTSE 100 had dropped 161.7 or 2.7 per cent to 5,851.2. Yesterday's slide finally erased all the gains recorded earlier in the week when the index came within 50 points of its all-time closing high. Over the week the index fell 79.8 or 1.3 per cent.

The second- and third-line stocks escaped the worst of the setback, but nevertheless posted

heavy losses. The FTSE 250 finished 48.7 lower at 4,529.1 and the FTSE SmallCap dropped 12.2 to 2,030.1. Over the five days the 250 showed a 26.0 or 0.6 per cent decline and the SmallCap gave up 6.97 or 0.3 per cent.

The market weakness of shares over the last two sessions was in sharp contrast to the near-spectacular rise of the FTSE 100 so close to its record last Monday, as traders celebrated the Vodafone-AirTouch merger.

That deal created the world's biggest cellular phone company and when completed will elevate the merged group to around third place in the FTSE 100 table after BP Amoco and Glaxo Wellcome.

Ironically, it was the telecoms sector that led the market lower yesterday, closely followed by rate-sensitive areas such as general retailers and banks.

Yesterday brought further hard takeover news, including another step in the restructuring of the UK composite insurance sector; Royal & Sun Alliance confirmed it is involved in takeover talks with Guardian Royal Exchange. That news saw GRE emerge as the best individual performer out of the six FTSE 100 stocks to show gains on the day.

There was a hostile bid in the small-caps, where Amey group moved against Servisair, the airport ground support company

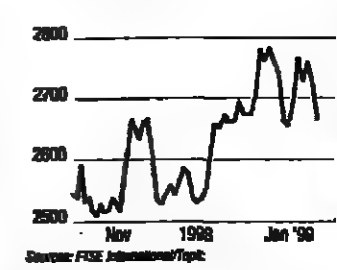
and Portsmouth & Sunderland Newspapers shot up late in the day after Johnston Press indicated its intention of bidding for the group, it allowed to.

Adding to the market's woes, however, were more profit warnings and evidence that the "bubble" in internet stocks, whose shares have rocketed over recent weeks, may well have burst.

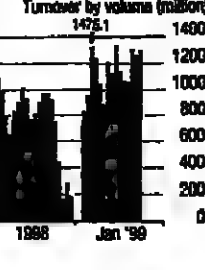
Turnover sped past the 1bn shares mark for the ninth consecutive session, eventually reaching 1.3bn.

It was given a big boost by the placing of Energis stock by National Grid, which accounted for 142m shares or around 10 per cent of the total.

## FTSE All-Share Index



## Equity shares traded



## TRADING VOLUME IN MAJOR STOCKS

Stock	Vol.	Chasing	Days	Vol.	Chasing	Days	
000s	price	change	000s	price	change	000s	
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
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Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
Admiral	3,600	117	-36	Reggie	5,500	300	-30
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Admiral							

## EQUITY FUTURES AND OPTIONS TRADING

IN FIVE YEAR INDEX FUTURES (APRIL) £10 per full index point										
	Open	Sett	Change	High	Low	Sett	Open	Sett	Open	
Mar	598.0	594.0	-1.00	598.0	594.0	595.71	1095.00	1095.00		
Apr	598.0	597.0	-1.00	598.0	597.0	59	1100			
May			-1.00				1100			
IN FIVE YEAR INDEX FUTURES (APRIL) £10 per full index point										
	Open	Sett	Change	High	Low	Sett	Open	Sett	Open	
Mar	401.0	402.0	-1.00	401.0	401.0	0	900			
Apr		400.0	-0.75			0	900			
IN FIVE YEAR INDEX FUTURES (MAY) £10 per full index point										
	Open	Sett	Change	High	Low	Sett	Open	Sett	Open	
Feb	335	336	185	335	337	336	200	171	246	340
Mar	347	374	272	372	384	374	283	284	335	415
Apr	374	374	323	374	384	374	323	323	323	415
May	374	374	323	374	384	374	323	323	323	415
Jun	374	374	323	374	384	374	323	323	323	415
Jul	374	374	323	374	384	374	323	323	323	415
Aug	374	374	323	374	384	374	323	323	323	415
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Dec	374	374	323	374	384	374	323	323	323	415
Jan	374	374	323	374	384	374	323	323	323	415
Feb	374	374	323	374	384	374	323	323	323	415
Mar	374	374	323	374	384	374	323	323	323	415
Apr	374	374	323	374	384	374	323	323	323	415
May	374	374	323	374						

## C&amp;W falls signal end for surge

## COMPANIES REPORT

By Peter John and Martin Brice

Cable and Wireless yesterday signalled the end of a seemingly unstoppable run in the telecoms sector with a sharp fall.

First, Morgan Stanley Dean Witter downgraded its recommendation for the group to "underperform" from "strong buy". The US broker has a \$100m target for the shares but says it sees "insufficient upside" to maintain its premium rating.

It is also concerned about pricing pressures in Hong Kong international calls and mobiles.

Then, Commerzbank moved to "sell" from "hold" on the stock, saying the premature departure of chief executive Dick Brown in December was a blow and the shares were trading above the sum-of-the-parts valuation.

Although C&W was not the worst performing telecom over the day, it started the ball rolling and ended a fall 88% lower at 588p, wiping out all the gains of the week.

The title of worst performer in both the sector and the Footsie went to Colt Telecom, which fell 142 to 511.40. But Colt had been the Footsie star for the rest of the week and still managed to close 70 up over the period.

Exhausted oil exploration and production stocks ended a grim week on a grim note as it emerged that development budgets are being slashed to the bone.

Lampo is apparently the first to bite the bullet and acknowledge the possibility of a persistent low oil price environment. Analysts said

## MAIN MOVERS

MAIN MOVERS			
FISE 350		Close	Day's
		price	change
NEWSE			
Prometheus Financial	5774	+407%	+
Lowell Inc.	1203	+132	+
NEPC-NEC Holdings	391	+17%	+
HEPC	360	+15%	+
Telecom	222	+15%	+
East Europe	246	+9%	+
Danisco	132	+6	+
Compucon	884	+26%	+
FAL			
COLTEC Telecom	1140	+42	+
Chad & Winkles	8561	-83%	-
Reaser Group	1374	-11%	-
Telecom	222	-10%	-
Enterprises ON	2250	-16%	-
Hayes	542	-38%	-
Strom Group	954	-45%	-
Dennis Group	550	-37%	-

on positive broker comm  
and starting gains in hi  
tech stocks across glo  
markets, showed str  
signs of running out  
steam.

One sector specialist  
"The shares are now look  
too expensive and are du  
correction. Even the cu  
pany is taking the sto  
down." Psiom finished 4  
at 802P.

Hazlewood Foods came  
109P as the comp  
finally embarked on  
share by buy-back pr  
approved by shareholders  
the new share price

## Oil lost more than half its value after a profit warning.

It dropped 2% to 2p after it said China's reduction in crude oil imports had hurt its base.

The hostile bid for Servisair, the airline industry support-services group, saw the shares rise 41 to 217p, firmly above the 200p at which construction group Amey pitched the offer.

Amey was down 40 at 615p.

An Partner said a decline in demand at its French office and for executive aircraft in London would mean interim profits would be lower than last time. The shares fell 86 to 180p.

London Forthright fell 38 to 66p after the trade financing company issued a profit warning. It forecast a pre-tax loss of 57m because "recent events in certain emerging market economies" had led to downward valuations in its asset portfolio of 500m.

Garton Engineering said "the severe and unexpected downturn in the fourth-quarter in UK vehicle manufacturing" meant its results would be well below the 21.5m expected by the market. The stock lost 31% to 115p.

The phenomenal rise in On-line shares seemed yesterday to have turned into an equally dramatic fall. It lost almost 26 per cent or 31% to 47p.

However, it remains well above the 12p at which the stock was trading earlier this month.

Hammerson held relatively firm with a slide of 6 to 376p as Morgan Stanley Dean Witter upgraded the property company "outperform" from "neutral" and reiterated its share price target of 450p.

Guardian Royal Exchange was the best performer in the Footsie after it was revealed that Royal & Sun Alliance was in discussions with the insurer about a potential offer. The shares lifted 14% to 369p while Royal fell 21% to 465p.

## FT 30 INDEX

	Jan 22	Jan 21	Jan 20	Jan 19	Jan 18	1 yr ago	18m	7yr
PT 50	3453.9	3469.2	3514.2	3460.5	3557.8	3253.4	4004.3	2790.0
PT 50, yield	3.28	3.29	3.04	3.29	3.08	3.38	4.22	2.72
P/E ratio net	22.40	22.91	23.04	22.84	23.20	20.85	26.81	19.80
P/E ratio ind	22.21	22.82	22.89	22.74	23.14	20.79	26.19	19.71
PT 50 sales composite high 1954-6	7755.0	see A4	9324.0	see A4	see A4	see A4	see A4	see A4
PT 30 hourly changes								
	8	10	11	12	13	14	15	16
	3482.2	3444.8	3447.3	3438.4	3453.4	3416.8	3438.1	3447.7
	3482.2	3444.8	3447.3	3438.4	3453.4	3416.8	3438.1	3447.7
PT 30 intraday limited 1954-6	A4	A4	A4	A4	A4	A4	A4	A4
PT 100 hourly changes								
	8	10	11	12	13	14	15	16
	3482.2	3444.8	3447.3	3438.4	3453.4	3416.8	3438.1	3447.7
	3482.2	3444.8	3447.3	3438.4	3453.4	3416.8	3438.1	3447.7
PT 100 intraday limited 1954-6	A4	A4	A4	A4	A4	A4	A4	A4
First Dealings	Jan 11	Expiry						Apr 9
Last Dealings	Jan 11	Settlement						Feb 7
Cable: See 1444, Telegram: Public: See 1444, Private: See 1444								

## FTSE - LEADERS &amp; LAGGARDS

Percentage changes since December 31, 1997 based on Friday			January 22, 1998		
Telecom	+11.51	Financials	-4.25	Transport	-4.43
Telecom	+10.88	ITSE All Stock	-0.56	Transport, Fed.	-0.50
Telecom	+10.69	ITSE 100	-0.56	Transport, Fed.	-0.50
Life Insurance	+4.67	ITSE Financials	-4.38	Water	-5.52
Service	+3.82	ITSE 350	-0.33	Chemicals	-5.50
Service	+3.82	ITSE 350	-0.33	ITSE Industrials	-0.50
ITSE Financials or IT	+3.14	ITSE 250	-0.55	Alcoholic Beverages	-0.89
Electronic & Steel Equip	+2.81	ITSE 50 as of	-0.54	RESOURCES	-0.88
ITSE Financials	+2.70	Basic, Public	-0.89	ITSE 350	-0.50
ITSE 350 Local & Intl	+2.61	ITSE 350 All Stocks	-0.88	ITSE 350	-0.50
Pharmaceuticals	+2.51	Consumer Goods	-0.82	Lumber & Paper	-0.88
Pharmacy	+2.51	Consumer Goods	-0.82	Lumber & Paper	-0.88
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## LIFE EQUITY OPTIONS

full 88% lower at \$854/p, wiping out all the gains of the week.

The title of worst performer in both the sector and the Footsie went to Colt Telecom, which fell 142 to £11.40. But Colt had been the Footsie star for the rest of the week and still managed to close 70 up over the period.

Embattled oil exploration and production stocks ended a grim week on a grim note as it emerged that develop-

some stocks. Power in the electricity group, National Grid, fell 48p.

Falun, whose s

**RISES**

British Petroleum  
Other Food  
British Airways  
British Airways  
British Airways

## NEW 52 WEEK HIGHS AND LOWS

Stock	Vol.	Chasing	Days	Vol.	Chasing	Days
000s	price	change	000s	price	change	000s
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00

## LONDON RECENT ISSUES: EQUITIES

lost almost 26 per cent or 31% to 97½p.

However, it remains well above the 12½p at which the stock was trading earlier *this month*.

Hammerson held relatively firm with a slide of 6 to 37½p as Morgan Stanley Dean Witter upgraded the property company "outperform" from "neutral" and reiterated its share price target of 430p.

Guardian Royal Exchange was the best performer in

## FTSE Actuaries Share Indices

	Stock	Vol.	Chasing	Days	Vol.	Chasing	Days
	000s	price	change	000s	price	change	000s
PRSE 100	58612	4.27	6824.7	6222.3	5181.4	3.70	2.38
PRSE 200	48261	1.00	375.7	4075.8	4083.8	3.56	2.17
PRSE 200 air nav Tr	48341	0.88	5381.7	4872.9	4848.9	3.61	2.22
PRSE 300	27815	2.14	3074.2	2630.0	2480.8	2.80	2.47
PRSE 300 air nav Tr	27074	2.04	3081.1	2638.6	2494.8	2.81	2.46
PRSE 300 Higher Yield	26517	1.00	2651.7	2651.7	2651.7	1.00	1.85
PRSE 300 Lower Yield	26804	1.00	3396.3	2680.5	25880.1	1.24	1.81
PRSE SmallCap	20831.1	0.00	2083.0	2102.8	2587.0	2.38	2.00
PRSE SmallCap air nav Tr	20358.6	0.00	2288.1	2035.9	2361.26	4.14	3.62
PRSE Air Nav	2151	0.00	2151.7	2151.7	2151.7	2.04	2.13
PRSE Air Nav air nav Tr	2151.35	0.00	2978.1	2739.1	2428.4	2.85	2.85
PRSE Floating	117732	0.00	12105.8	11627.7	18533.26	4.34	3.28
PRSE Floating air nav Tr	11840.0	0.00	12325.0	11926.0	1386.26	4.82	3.62
PRSE Air Nav	11840.0	0.00	12325.0	11926.0	1386.26	4.82	3.62
PRSE Air Nav air nav Tr	11140.07	0.00	12325.0	11926.0	1386.26	4.82	3.62
Total	8163.2	0.00	910.0	880.0	976.0	1.35	0.91

■ FTSE Actuaries Industry Sectors

## The UK Series

Vol.	Chasing	Days	Vol.	Chasing	Days	
000s	price	change	000s	price	change	
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00
Admiral	1,000	12.50	-1.00	1,000	12.50	-1.00

## LIFE EQUITY OPTIONS

<p>             1000 to 100</p>
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## LONDON RECENT ISSUES: EQUITIES

Stock	Vol.	Chasing	
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## COMPANIES &amp; FINANCE

# Royal & Sun talks put £3.4bn value on GRE

By Andrew Bolger,  
Insurance Correspondent

Royal & Sun Alliance, the UK's biggest general insurer, yesterday confirmed it is in talks about a potential offer for Guardian Royal Exchange, its smaller rival which put itself up for sale in November.

Royal & Sun said it had discussed offering about 350p per GRE share, valuing the GRE at £3.4bn (£5.6bn). GRE shares yesterday rose 4 per cent, from 354½p to 369½p, giving the group a market capitalisation of just under £3.3bn.

However, the Royal & Sun announcement was given a cool reception by analysts, who believe the prospective bidder's founding £6bn merger in 1998 between Royal Insurance and Sun Alliance was mismanaged. Its shares fell 5 per cent,

from 488p to 465p.

GRE has refused to grant Royal & Sun exclusive negotiating rights and several other insurers remain involved in the talks, including Axa of France and Eureka, a European alliance of seven insurers.

Any offer from Royal & Sun would be a mixture of cash and its own shares, probably 50-50, but the company sought to calm City concerns by ruling out making a rights issue.

The combination of Royal & Sun and GRE would raise competition issues in the UK, where it would have close to 25 per cent of the general insurance market. The enlarged group would have more than 30 per cent of the Irish general insurance market, and would have to make disposals.

Royal & Sun would seek job and cost reductions if it

acquired GRE, which has 17,500 employees. Having shed 5,000 jobs following its 1996 merger, Royal & Sun said recently it would cut more jobs and withdraw from certain areas of business. Most of the cuts are expected in its general insurance business in the UK, which employs about 22,000 people out of a total of 43,000 staff worldwide.

City concern about Royal & Sun focuses on the slow pace at which Royal appears to have been integrated with Sun Alliance. Robert Mendelsohn, a US citizen, was appointed chief executive at the end of 1997.

Advisers to GRE, which has promised to make a decision by the end of this month, are concerned that City hostility could force Royal & Sun not to proceed - leaving the group vulnerable to a lower bid from Axa.

## MEDIA: MIRROR BOARD UNDER PRESSURE OVER MERGER PROPOSALS

# Vote looms on Montgomery future

By John Sapper,  
Media Editor

The board of Mirror Group could vote next week on whether to remove David Montgomery as chief executive following an effort by leading shareholders to ensure he cannot block a takeover or merger.

Investors holding 25 per cent of the company have told directors they will back any effort by non-executives to oust Mr Montgomery, and may call an extraordinary meeting of shareholders if the non-executives are outvoted.

Mr Montgomery is thought

to have the support of a majority of Mirror's board, which comprises seven executive directors and six non-executives.

However, Sir Victor Blank, the non-executive chairman, is understood to be in favour of his removal.

Mr Montgomery is regarded by some investors as a potential obstacle to a merger or takeover because they believe he wishes to retain executive power. However, he has insisted that he would be prepared to step down for a deal.

It was unclear yesterday whether Sir Victor intended to call a vote at a board

meeting on Tuesday. He is thought likely to gain backing from four of the other non-executive directors, but Sir Victor, the fifth, might abstain.

If Sir Victor lost a vote on Tuesday, he could then encourage shareholders to call an extraordinary general meeting. This could allow the appointment of enough extra directors to overturn the board majority.

The argument over Mr Montgomery has led to one of the most explosive corporate disputes of recent years. Phillips & Drew Fund Management, Prudential Corporation and Harman have all

said they will back the non-executives.

The three institutions met three executive directors, John Allwood, Roger Eastoe and Cornel Rikkin, on Thursday evening to emphasise their stance. The directors believed Mr Montgomery had been misunderstood.

However, other shareholders are thought to oppose the stand taken by Phillips & Drew, which favours a merger with Trinity, the regional newspaper company, rather than a rival cash bid from Regional Independent Media.

URS Brinson - which is owned by Phillips & Drew,

by the Swiss bank UBS - and Lazard Freres & Co are both thought to have doubts about the stand taken by Phillips & Drew. The two together hold about 7 per cent of Mirror's shares.

Advisers said yesterday that the board was united in having rejected terms indicated by Trinity for a merger before talks broke down. These valued Mirror shares at 0.375 of a Trinity share, or £1.50 at yesterday's levels.

Mirror's executive directors believe the Trinity offer was worse than the £913m formal offer by RIM.

Mirror shares closed 1p lower yesterday at 188p.

# LCR begins fund-raising for Channel rail link

By Charles Dethlefsen,  
Transport Correspondent

London & Continental Railways, is to start the process of raising funds from the City to help pay for the Channel tunnel rail link in two weeks' time.

Warburg Dillon Read and HSBC Markets will start formally sounding out market interest on February 8 in a proposed £3.65bn bond issue, which will carry an unprecedented government guarantee. The two investment banks, which are joint managers of the issue, plan to go ahead with the longer-dated of the three tranches of bonds first, because that it is where most market interest lies.

They plan first to undertake a book-building exercise for between £1bn and

£1.65bn of bonds maturing in 2028, but will also sound out interest in a bond of up to £550m maturing in 2038. Book-building involves assessing the level of interest from potential purchasers and the price at which they are prepared to buy, so that size and interest rate can be set at realistic levels.

Only when a decision has been taken on the longer-dated issues will the market be sounded out on a £1bn tranche of bonds maturing in 2010. "Market conditions look best for the longer-dated issue," said Frank Kennedy, of Warburg Dillon Read. "The long end of the market is in quite good shape. There is a lot of investor demand." The 2038 and 2038 bonds are likely to be issued simultaneously.

Most of the pre-conditions for the issue, most notably European Commission clearance of the state aid involved and the rail regulator's confirmation that there are no competition issues to be resolved, have been met, the two banks said.

Some minor issues relating to the documents involved in the issue are still outstanding but they are expected to be resolved within the next fortnight, the banks said.

The government guarantee covers £3.75bn of the total £3.65bn cost of the 66-mile rail link. Only £2.65bn of these funds will be available for the first stage of the link, between Folkestone and Fawham Junction in north Kent, with £1.1bn reserved for the second stage to London St Pancras.

# What exactly is guaranteed by a guarantee?

A row over annuity rates for some Equitable Life policyholders has caused bad feeling, writes Christopher Brown-Humes

For the UK's oldest mutual life insurer, it has been anything but an Equitable Life. In just six months it has gone from hero to villain in the eyes of many of its policyholders.

The abrupt turnaround has been caused by its treatment of 100,000 policyholders who were given annuity guarantees in the 1970s and 1980s, when many life insurers offered them.

The problem has arisen because current annuity rates are much lower than those prevailing when the policies were written. Typically, a guarantee might pledge an annuity rate of 11 per cent on the final pension pot, compared with a level of about 8 per cent today. Equitable's critics object that the company has chosen to pay for the guarantees by cutting the final bonuses on the policies, thereby reducing the terminal sum to which the guarantee applies.

Some insurance executives argue that it is not just Equitable's reputation that has been hit, but that of the whole life industry, as it struggles to put the £1bn pensions mis-selling scandal behind it.

Tony Baker, the deputy director-general of the Association of British Insurers, said: "Everybody else has paid up on their guarantees. The industry wants to be perceived to be delivering on guaranteed annuities if they were sold on that basis."

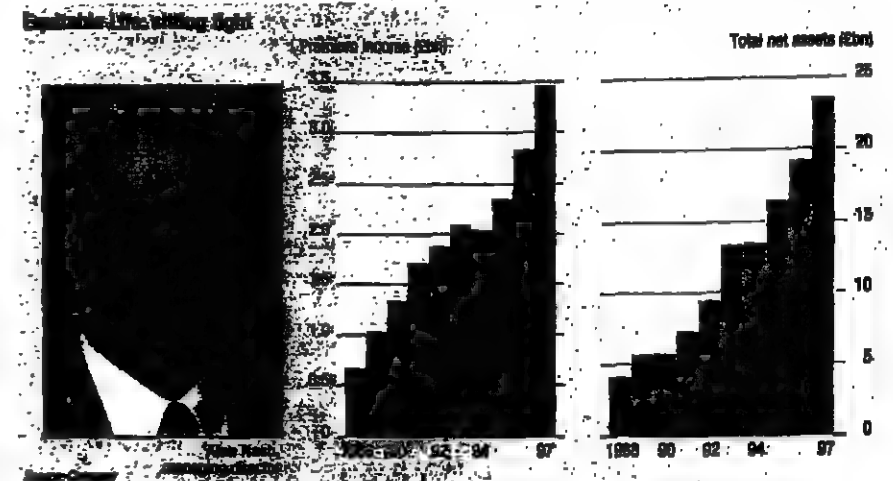
If the furore has put Alan

Nash, Equitable's managing director, under strain, he is not showing it. He sits in the boardroom of the group's London office carefully setting out the reasons for the group's stance.

He argues that Equitable, like all life insurers, has discretion over the level of final bonuses. He also maintains it would be unfair to spread the cost of the guarantees across all policyholders. "The recent publicity has been very uncomfortable for us. But it would have been far more damaging reputationally if we were acceding to the demands of a group of policyholders who are seeking to obtain a level of benefit which exceeds the return on their contributions and exceeds the amount we are contractually obliged to pay."

Other life insurers have distanced themselves from Equitable's stance. Philip Scott, director of life and pensions at Norwich Union, said: "The client should benefit from the enhanced annuity rate that the policy offers. Equitable's approach, which is to try and take some of that away through manipulating the final bonus, is not a policy we would wish to impose on our members."

Equitable moved last week to take the sting out of the affair by instituting a test case that is due to reach the High Court this autumn. The question is what happens if it loses. That in turn



depends on how much is at stake - £50m, according to the society, £1m, according to Stuart Baylis, who has organised an action group of disgruntled Equitable policyholders.

His calculation assumes current annuity rates being 25 per cent below guaranteed rates and £4bn of liabilities being at stake.

Equitable rejects suggestions that its stance has been dictated by financial weakness. However, it has one of the industry's lowest free asset ratios - a measure of financial strength - and Standard & Poor's, the ratings agency, recently changed the outlook on Equitable's AA rating from stable to negative.

"They make a virtue of paying out everything they make. So they run with a relatively low level of capital and when shocks occur, the capital is not there to take

the strain," says a senior executive at a rival insurer. Some suggest that if it lost the case, it could be forced to make substantial additions to reserves. There would also be fears of lower bonuses for all policyholders and a drop in new business. This could make it vulnerable to a predator.

But Equitable would have to be dragged kicking and screaming into a surrender of its mutuality and independence. It traces its history back to 1782, making it the founder of the UK life assurance industry. "We are totally, unanimously and firmly committed to our independence," says Mr Nash.

In any case, rivals are only too anxious to reveal in Equitable's discomfort, not least because many of them would love nothing more than to buy it. Its blue-chip customer base includes City

bankers, MPs, solicitors and accountants. The premiums it receives are much bigger than average, while its costs are much lower because it does not pay commission to independent advisers. Both productivity and its franchise are excellent.

Mr Nash says he has had no bid approaches since the controversy broke out. But he admits that "in the last five years, I have had every firm of merchant bankers in the city telling me why we should demutualise". All have been rebuffed.

Equitable says it has been here before. Two hundred years ago, another group of policyholders tried to get their hands on assets "they were not entitled to".

Mr Nash points to a portrait of William Morgan, head of Equitable at the time, who saw off the attempt. He appears equally determined to do the same.

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# Amey bids £81.5m for Servisair

By Charles Prentice

Amey, the construction group which is trying to expand its facilities management business, yesterday launched an £81.5m (£134.5m) hostile takeover bid for Servisair, the airport ground support services company.

The 200-e-share offer was immediately rejected by Servisair, which said it was "unwelcome" and "wholly inadequate".

Hopes that a rival bidder might emerge helped lift Servisair's shares above the offer price to 217½p, up 41p. Speculation centred on John Menzies, the distribution group which is eager to

expand its airport services business, and Go-Ahead, the transport group which bought a 3 per cent stake in Servisair at 118p-a-share last month.

However, Menzies is considered reluctant to enter a contested bid and to make such a large acquisition. Martin Bellinger, managing director of Go-Ahead, said: "We have not decided if we should bid and neither have we decided not to bid."

Analysts were divided on whether Amey's offer undervalued Servisair. One analyst described the bid as "the toppest of dollars".

Amey said the bid valued the company at 21.7 times the 9.2p earnings per share

its own broker, Casenove, forecast for 1998, down from the 12.4p it earned a year earlier.

Brian Staples, chief executive of Amey, said: "It is a fair bid."

Servisair shares hit a low of 102p last month after falling from over 500p two years ago. They have underperformed the FTSE All-Share index by about 70 per cent in the past two years.

The move comes after Amey made a formal approach to Servisair but Mr Staples said he decided to put the offer directly to shareholders because he thought Servisair would attempt to start an auction. He said the move would

enhance Amey's earnings in the first full year before amortisation of goodwill. Amey would have to write off £2m a year in goodwill for 20 years but Mr Staples said he believed annual savings of £2.6m could be achieved. Amey's shares fell 40p to close at 61½p.

Mr Staples added the move would make Amey less dependent on customers like Railtrack.

The bid will be funded out of Amey's cash resources and new banking facilities. Mr Staples said it had about £40m cash at the year-end.

Amey is being advised by ING Barings and Servisair by Credit Suisse First Boston.

# Finelist may sell retail outlets

By Suzanne Voyle

Finelist, the acquisitive car components distributor, is understood to be considering the sale of its retail outlets for about £150m.

The disposal would allow Finelist to reduce its debts, incurred through a series of acquisitions. These stood at about £150m at the end of the year to June 30 1998.

If Finelist got £150m or more from the sale, it would prove to the City that the business was seriously undervalued.

The whole group was capitalised at £114.8m at last night's closing share price of 14½p.

After the disposal, Finelist would focus on distribution and warehousing.

Finelist is believed to have rejected as too low some offers for Motor World, its retail chain, and Maccers, its cash and carry business, which make up 35 per cent of group turnover. Motor World was bought for £46.7m in July 1996 and Maccers for £23.6m in March 1997.

Chris Swan, chairman, floated Finelist after leading a management buy-out from BBA, the conglomerate. He has built up a vertically-integrated business straddling manufacturing and retail operations using acquisitions in the highly fragmented vehicle after-parts market as the main driver of growth. Both Finelist and Partco, its main rival, claim market leadership on the basis of only about 10 per cent each.

Philip Wragg, chief executive of Partco, which does not have any retail interests, turned down a merger approach from Mr Swan last summer. He said that any benefits would be overshadowed by operational and financial risks.

Finelist was last night unavailable for comment.

# Vauxhall up but margins 'too low'

By John Griffiths

Vauxhall, General Motors' UK vehicles subsidiary, tripled its pre-tax profits last year to £72.6m, its best performance for almost a decade. However, Nick Reilly, chairman and managing director, said as he disclosed the results: "Our margins are still too low, meaning further challenges for everyone across our business."

The increase from £24.4m in 1997 was achieved in the face of "potentially difficult" market conditions and a 4.7 per cent drop in turnover to £4.04bn. Vehicle output from Vauxhall's plants at Luton, in Bedfordshire and Ellesmere Port on Merseyside fell from 377,462 to 360,382, with a \$600 drop in exports to 14,118.

Mr Reilly said that Vaux-

hall's reduction in output was caused almost entirely by the changeover to a new Astra range at Ellesmere Port, and the start of production at GM's Opel plant in Russelsheim of an estate version of the Vectra. Previously Vectra estates had been supplied for the whole of Europe from Luton.

Vauxhall expects an Astra-based multi-purpose vehicle, the Zafira, and the next-generation Vectra - both due to be launched in the spring - to increase its share of the UK market, where it is second to Ford. The new Astra was the market's best-selling car in the last quarter of the year.

Vauxhall expects its contribution to help lift the company's share of the UK market from 12.5 per cent last year to about 14 per cent in 1999.

# On-Line head in optimistic mood

By Andrew Edgecliffe-Johnson

Michael Hodges, chairman and managing director of On-Line, the AIM-traded computer games company, said yesterday he could see no reason why the increased interest in its shares since the start of the year should not herald "the start of UK and European internet companies having a similar sort of valuation to US companies."

On-Line's shares rose from 12½p to 28½p between early January and Wednesday, but have since fallen, closing yesterday at 27½p, down 31½p.

In the past two weeks, On-Line's co-founder, Clement Chambers, has "reluctantly" sold more than half his holding - 35 per cent of the company's shares - to improve liquidity in the stock, which

was 80 per cent owned by the directors. He has been offered options or shares to replace his holdings.

Mr Hodges said: "Of course it dilutes existing shareholders, but not dramatically, and it has proved a great way for us to make some money and put the company in a far better position." He said Mr Chambers and he had been reluctant to sell when they were advised to do so by IA Pritchard, the company's nominated adviser: "We are very happy with what we are doing, and have no particular desire to relinquish our shares."

Mr Chambers intends to take up his options, and will have to pay the same price as that at which he sold shares, Mr Hodges said. The issues of new shares and options are to be approved by an extraordinary meeting.

RESULTS	Revenue (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Dividend yield (%)	Dividends in arrears	Total for year	Total for year
Southampton Leagues - 6 miles to Nov 98	7.05	(5.27)	2.58	(1.01)	8.47	(1.05)		

Shareholders should note: Dividends shown are for corresponding period. After exceptional charge. After exceptional credit. After exceptional credit. After exceptional credit. After exceptional credit.

حكايات الأمل



## Siemens shows 12% advance

in the new company, of which 5 per cent will be free and the rest purchased with dividends over time. In a parallel transaction, the government of Zambia will buy ZCI's holding in ZCCM.

ZCI has relinquished its exclusive right to the Mufulira smelter and refinery, leaving the way open for the separate sale of the Mufulira mine as an integrated operation. Reunion Mining of the UK is in talks to buy Mufulira.

on its restructuring, unveiled last November when Heinrich von Pierer, chief executive, announced plans to sell businesses worth DM17bn. Among other initiatives, the company's troubled semiconductor business is to be floated.

The results also benefited from Siemens' acquisition last year of Westinghouse's continental power plant business. "Through its strong foothold in the US, Westinghouse has managed to bring in a lot of medium-

Arco's controlling shareholder, the listed Madrid holding NH Hoteles - formerly known as Cofir - is negotiating the sale of its

Aspirón's stake in the co-operation with the Argentine wine producers, and to the Marqués de Griñón, a senior executive of the firm and one of Spain's best-known winemakers.

With Cofir providing financial backing, Arco demonstrated the extraordinary growth potential of a well-managed winery skilled at business.

Over the past five years, it has acquired assets in other Spanish wine-growing areas, including Ribera del Duero and Catalonia, as well as in Argentina. Rioja vines now represent just 50 per cent of total output. Sales have increased from 3.5m bottles in 1993 to 25m last year.

"Our target is to build Arco into one of the world's top 10 wine groups," said the Marqués of Griñón.

chairman, said Porsche was supposedly a classic takeover target but had carved out a successful niche last year as the world's smallest profitable independent car manufacturer. He said it had proved wrong those who had predicted five or six years ago that Porsche would succumb to a bigger rival.

Provisional results showed that pre-tax profit had more than doubled in the first six months of the year to about DM195m, while turnover climbed 28 per cent to about DM2.5bn. Thanks partly to strong demand in the US, unit sales rose by 26 per cent to 18,900 vehicles.

[illegible]

	Jan 21	% chg on day	Jan 23	Year ago	Gross div yield	Total return	'92 week
							High
Gold Mines Index (25)	992.57	-0.2	990.18	1008.05	1.82	597.95	1291.57
on Regional Index							701.50
Africa (9)	1090.10	-0.9	1089.63	1167.58	3.53	1671.26	1468.04
Australia (4)	9210.33	-0.3	9214.36	1208.56	2.54	1220.50	1890.93
Americas (11)	1270.37	-0.5	1274.91	1898.54	0.82	625.53	1317.41

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Data US Dollars. Base Year: 1000.00 31/12/82. \* Partial. Latest prices were available for all companies.

Financial Times Surveys

# Wales

Thursday March 4

For further information please contact:

Amanda Richards  
Tel: +44 1446 771219 Fax: +44 870 0554851  
email: amanda@wales5.demon.co.uk

or Haj Hafthejee in London  
Tel: +44 171 873 4281 Fax: +44 171 873 4862  
email: haj.hafthejee@FT.com

**FINANCIAL TIMES**

No FT, no comment.

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**NOTICE**

No. 006007 of 1998

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

IN THE MATTER OF  
BTR PLC  
- and -  
IN THE MATTER OF THE  
COMPANIES ACT 1985

NOTICE IS HEREBY given that a Petition was on the 14th January 1999 presented to His Majesty's High Court of Justice for the ratification of a Scheme of Arrangement, and

and the confirmation of the Reduction of the Capital of the above-named Company by cancelling shares in accordance with the terms of the said Scheme of Arrangement

and that the said Scheme of Arrangement and the Petition presented thereon, shall be heard before the Companies Court Judge at the Royal Courts of Justice, Strand, London, WC2A 2LL, on Monday 14th February 1999 at 10.30 a.m.

ANY creditor or shareholder of the said Company, desiring to oppose the making of an Order confirming the said Scheme of Arrangement or the making of an Order confirming the said Reduction of Capital will appear at the time of hearing in person or be represented for the purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge set out below.

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# COMPANIES FT MARKETS

Weekend January 23/January 24 1999

BUILDING HOMES  
OF INDIVIDUALITY  
FROM SCOTLAND TO  
THE SOUTH COAST

## DaimlerChrysler opens talks on Nissan Motor

By Alexandra Harney in Tokyo

DaimlerChrysler yesterday confirmed it was in talks on possible co-operation with troubled Japanese carmaker Nissan Motor as well as in negotiations on Nissan Diesel, the truck and engine affiliate.

Jürgen Schrempf and Robert Eaton, co-chairmen of the German-US group, said negotiations were continuing but stressed no deal had been reached.

The announcement - at the opening of DaimlerChrysler's car and truck exhibition in Tokyo - suggests that Nissan may be weighing its options. It has been approached by Renault, the French carmaker, with a view to a strategic alliance, and Ford of the US has also been rumoured to be mulling a similar offer.

As yet, DaimlerChrysler appears to be the only group in talks with Nissan Diesel, in which Nissan has a 39.5 per cent stake.

Mr Schrempf and Mr Eaton

said they had met with Yoshikazu Hanawa, Nissan president, on Thursday. In a statement DaimlerChrysler said: "They had constructive discussions regarding Nissan Diesel and explored possible co-operation projects with Nissan Motor."

Nissan's shares have soared nearly 20 per cent in the past two weeks on hopes of a deal, rising an additional 3.6 per cent yesterday to ¥30.

It also emerged that Mr Eaton had met Katsuhiko Kawasoe, president of Mitsubishi Motors, though Mr Eaton insisted it was a strictly routine business exchange. Mitsubishi, which is also seeking international alliance partners, supplies engines and cars to Chrysler in the US.

Mr Schrempf said that an alliance with a Japanese carmaker would be the fastest way to enable DaimlerChrysler to reach its target of generating 20-25 per cent of revenues from Asia. He said it could attain this by expanding its

market share on its own, but added: "At the moment our problem is that we are very impatient."

In 1998, DaimlerChrysler's global revenues were \$148bn, he said. Sales for the Asian region had not yet been calculated.

Analysts said the delay in reaching an agreement suggested Mr Hanawa was using Renault's approach as leverage in negotiations with DaimlerChrysler.

The Japanese government is also believed to be influencing the negotiations, particularly because of the concerns over potential job losses as a result of a merger.

Nissan released a statement confirming the talks between Mr Hanawa and DaimlerChrysler. "As part of the global business reform plan aimed at strengthening competitiveness, Nissan is pursuing the possibility of forming an alliance with foreign manufacturers based on achieving the maximum synergy effects."

## Schroders admits breaching Japanese regulations

By Gillian Tett and Naoko Nakamura in Tokyo

Schroders, the UK financial company, may face Japanese government penalties after admitting it had been in breach of Japanese reporting laws in its asset management operations for five years.

The company had failed to reveal that it holds stakes of more than 5 per cent in dozens of Japanese companies. By law all equity stakes over 5 per cent must be publicly declared to avoid market manipulation.

Schroders insists the breach occurred because it did not realise it needed to report its off-shore share holdings, which account for about three-quarters of its Japanese equity holdings. David Gibson, Schroders' group representative in Tokyo, said: "Obviously we are embarrassed by this situation, but it was a bit of carelessness - there was no deliberate breach of the law or cover up."

However, the Ministry of Finance is considering imposing penalties. Etsuo Takahashi of the Kanto District Finance Bureau, said: "We deplore the fact that Schroders broke the law."

The case comes as politicians and brokers are pressing the government to scrutinise foreign financial companies more closely because of their growing influence over Japanese markets.

Schroders management says it became aware of the breach at the start of 1998. In June, Mr Gibson took over the Tokyo operations and a new compliance officer was appointed. Schroders then informed the Ministry of the breach in July.

However, the company revealed its shareholdings only last year. This showed that its companies held stakes of more than 5 per cent in 118 companies, and about 10 per cent in groups such as Omron, Okiwara Electric and Yasuda Fire and Marine.

The company says the five-month delay occurred because Schroders' database systems could not consolidate global equity trading rapidly. "Sorting this out has been a mammoth organisational issue, involving around 100,000 pages of filings," Mr Gibson said.

## THE LEX COLUMN

### Riding on the greenback

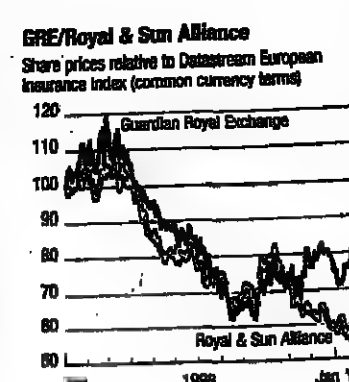
The Argentines know all about beef. It is no wonder then that in these turbulent times for Latin America they are considering swapping their peso for the dollar, still the world's best currency.

A full-scale switch to the dollar would bring several advantages. It would remove, once and for all, speculation about a currency devaluation. As a result, Argentina could lower its interest rates. In the wake of Brazil's devaluation, 30-day rates stand at 9-10 per cent, some six percentage points higher than in the US.

Not all of that premium would disappear, since loans to Argentina - even when denominated in dollars - would still have to reflect local credit quality. But any easing would greatly help the economy which, according to the latest figures, is being strangled by high real rates.

By contrast, the costs of dollarising would not be all that high, since Argentina is already halfway there. Under the present currency board regime, the central bank has ceded control over monetary policy and has very little flexibility to act as a lender of last resort to the banks. All it would really lose on top of that is the annual interest on the \$18bn or so of dollar reserves that would be used to back up the peso currently in circulation.

The real hurdles then, are political: overcoming national pride and dealing with the fact that the US Federal Reserve, with the power to print dollars, would have greater control over the Argentine economy. If President Carlos Menem can overcome those in an election year, he might find Peru, Uruguay and possibly Mexico keen to follow. In Washington, meanwhile, a potential pan-American dollar bloc might be seen as a nice counter to the euro.



about RSA's attempting another big deal.

This is a pity. The best outcome for shareholders in UK insurers is that the string of deals over the past few years bears fruit in terms of firmer prices and lower costs. This process would be enhanced by one of the leaders taking out GRE. But CGU, Allied Zurich (which owns Eagle Star) and Norwich Union have all done deals much more recently than RSA. So, for all its drawbacks, the last named has its hands the most free.

What about price? Norwich Union paid more than 14 times book value for London & Edinburgh. GRE is trading on little more than 1.1 times its net assets. This looks cheap, but the book value is vulnerable to equity market falls. Meanwhile, pre-tax profits could well remain below \$100m this year. If RSA believes it can deliver, say, \$150m of savings it should bid around \$3.7bn. This is comfortably above 400p a share - and yesterday's close of 369p. After all, the auction is not over yet.

## UK GDP

The UK may have escaped a technical recession by a whisker last quarter, but investors have no cause to celebrate. The latest gross domestic product figures came in the same week as the ratio of share prices to earnings reached a record on the FTSE non-financials index. While faltering economic growth is not incompatible with high p/e - because of depressed earnings - the market has entered uncharted waters.

Even though the official figures have yet to signal a recession, such a pronounced slowdown means that investors should not expect profits

to continue rising across the market. This spells a gloomy first half to the year. That could be followed by an upturn in the final six months if lower interest rates and a weak pound help the manufacturing sector to drag itself off the bottom. But the net effect is likely to be virtually zero growth in corporate earnings for 1999.

Service sector companies are faring better than most, but a flat economy still presents a challenge for any company that has not taken a firm grip on its costs.

The evidence so far is pointing to a soft landing for the economy, but you do not need much of a recession to create some nasty surprises in corporate profits. Other factors could also undermine company results, such as global deflationary pressures. With "bottom up" sectoral analysts still blithely predicting 10 per cent growth in corporate earnings this year, multiples still look vulnerable to bad news.

## UK regional newspapers

A month after snapping up the Carnoustie Gazette and the Broughty Ferry Guide, Johnston Press has a much larger collection of regional newspapers in its sights. Its hostile move on Portsmouth & Sunderland Newspapers is designed to avoid a repeat of last summer's frustrations. Then Johnston's pursuit of Home Counties Newspapers was so delayed by regulators that it lost out to another bidder. This time it secured almost 15 per cent of the shares before announcing its tender offer. The presence of the hyperactive Philips & Drew on P&S's share register no doubt assisted the pre-emptive strike.

It is no coincidence that this move comes as Trinity and Regional International Media are vying to buy Mirror Group. This is a sector where the largest player, Trinity, has just 14 per cent of the market, and where the top six proprietors account for only 50 per cent of the total circulation. Although the regulators' wheels grind slowly, recent judgments suggest little official resistance to consolidation. Regional newspapers may offer attractive cashflow and less cut-throat competition than the national press. However, their exposure to recruitment advertising means any chance to cut costs should be seized when a downturn is setting in. Johnston has done well to strike while two rivals have their hands full.

## Hughes Electronics to buy Primestar assets

By Richard Waters in New York

The final piece fell into place yesterday in the reshaping of the US satellite television industry when Hughes Electronics, the industry leader, agreed to buy the main assets of struggling Primestar in a deal valued at \$1.82bn.

The move will cement the position of DirecTV, owned by Hughes, as the main alternative to the big cable television networks, and as a potential platform for high-speed internet access to American homes. The transaction is likely to be welcomed in Washington, where the virtual monopoly power of the cable television companies has long made them an object of distrust. Primestar is owned by the main cable companies, including TCI, which holds 37 per cent, and Time Warner, with 31 per cent.

Primestar's early lead in satellite TV in the US, particularly in rural areas, has weakened with the advent of rivals

such as DirecTV. With its medium-power satellite system, it has not been able to deliver as many channels as newer rivals using high-power systems.

An attempt by Primestar to acquire its own high-power facilities was, in effect, blocked in May by the Justice Department, which took a stand against the company's plan to buy a satellite licence owned by News Corporation and MCI WorldCom.

That deal might have made it possible for Primestar's owners to hamper the growth of their satellite-based rivals, federal regulators feared.

News Corp and MCI WorldCom later sold their satellite TV assets to EchoStar, which has about 2m customers. DirecTV, meanwhile, recently agreed to buy another rival, US Satellite Broadcasting, together with Primestar's 2.3m customers, that will leave it with 7m customers.

DirectTV's acquisitions have positioned it to become eventu-

ally one of the main interactive broadband networks in the US, and a potentially important route for on-line service providers to reach American homes.

Efforts by AT&T to secure alliances with the main cable television networks, including its pending acquisition of TCI, have raised concerns among internet services companies that one possible route will eventually be blocked.

In the shorter term, DirecTV faces a considerable challenge in converting Primestar's customers to its network. The company said it would continue to operate the existing medium-power facilities for two years and reduce the costs of switching by allowing customers to lease their equipment.

Hughes Electronics, which is owned by General Motors, will pay \$1.32bn for Primestar's existing medium-power business, and another \$500m for high-power assets that Primestar had agreed to buy.

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## Markets Latest

FTSE 100	5,891.2	(-161.1)
Yield	2.78	
FTSE Europe 300	1,853.3	(-23.2)
FTSE All-Share	1,853.3	(-23.2)
Nikkei	14,194.40	(-102.02)
New York Composite	9,198.12	(-127.28)
Dow Jones Ind Ave	9,198.12	(-127.28)
S & P Composite	1,233.87	(-4.23)

## STERLING

New York Composite	9,198.12	(-127.28)
Dow Jones Ind Ave	9,198.12	(-127.28)
S & P Composite	1,233.87	(-4.23)

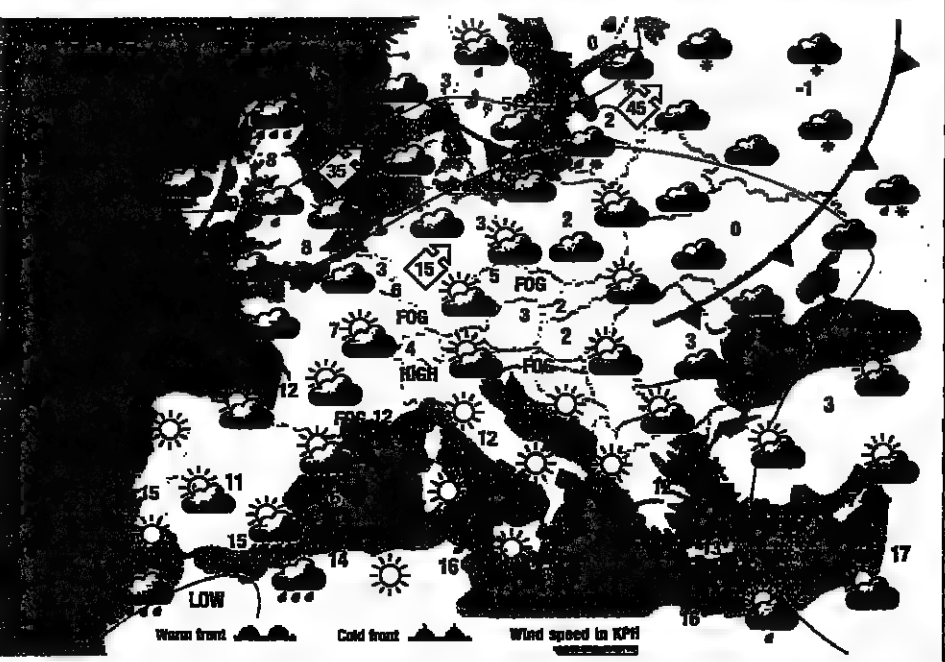
## Weather

### Europe today

Northern France, northern Germany and the Low Countries will be cloudy with mist and drizzle. Central and southern France, the Alps, northern Italy, the Balkans and most of eastern Europe will be fine and settled with sunshine in most places, but there is a risk of fog. Southern Scandinavia will be mild with showers, but north-east Europe will have sleet and snow. The Mediterranean should be dry and sunny, but eastern Spain and south-east Greece will have showers.

### Five-day forecast

Northern Europe will be changeable with heavy rain across northern France, the Low Countries and northern Germany during Sunday and Monday. Central and eastern Europe will remain dry with overnight fog and frost, although fresh snow will fall over the Alps by midweek. The Mediterranean will have a lot of sunshine.



## TODAY'S TEMPERATURES

Abu Dhabi	Sun	22	Madrid	Fri	11
Algeria	Shower	16	Moscow	Fri	11
Amsterdam	Cloudy	3	Munich	Fri	11
Athens	Fri	12	Nairobi	Fri	11
Bahia	Thunder	18	Nassau	Fri	11
Bangkok	Fri	28	Norfolk	Fri	11
Bombay	Fri	28	Osaka	Fri	11
Buenos Aires	Fri	28	Paris	Fri	11
Calcutta	Sun	31	Perth	Fri	11

## POWER IS NOTHING WITHOUT CONTROL

Card	Fri	20	Seoul	Fri	11
Cardiff	Fri	20	Singapore	Fri	11
Cardinal	Fri	20	Singapore	Fri	11
Cardinal	Fri	20	Singapore	Fri	11

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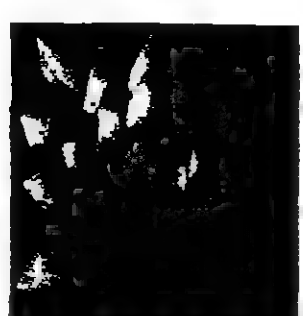


JANUARY 23 / JANUARY 24 1999



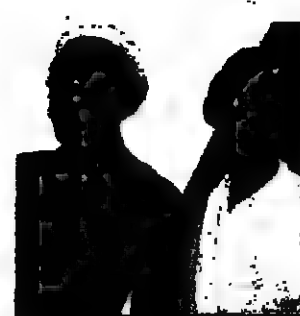
Taiwanese heritage?  
*'Chinese emigrants waited for four hours for the chance to sit on Madame Chiang's bed'*

Page IV



Monet's waterworks  
*'The water lilies which caught his eye were hybrids, cross-fertilised with species from America, Africa and India'*

Page XVII



Plainly Paris  
*'The drama of outfits is now found in the details rather than the decoration. Fabric is more important than frippery'*

Page IX

# Highland games

The beautiful Knoydart peninsula is a test of politicians' promises to end 900 years of feudalism in Scotland, says Christian Tyler

Some call it the last wilderness in Europe. And for several days last week the Knoydart peninsula in north-west Scotland was certainly earning that reputation.

Gales blowing up to hurricane force whipped in from the Sound of Sleat. The bay of Inverie turned black under a Shakespearean frenzy of thunder, lightning, sleet and hail.

The Mallaig ferry refused to leave harbour and little boats ran for shelter. Since there is no road into Knoydart, the 40 permanent inhabitants were marooned. Some kept indoors, others tacked along the seaboard to the Old Forge, said to be the remotest pub in the British Isles.

In summer, however, the place is transformed. The pub is jammed and the four-room guest house by the jetty claims the highest occupancy rate in Scotland. Among the connoisseurs tourists who come here are hill-walkers to climb its three "Munros" (mountains of more than 3,000ft); stalkers to shoot its difficult stags; yachtsmen to seek out its lonely coves; and holiday-makers to indulge romantic longings for grandeur and solitude.

They are not the only romantics drawn to this land, shaped like a lion's head and looking west to the Isle of Skye. In common with much of the Highlands, Knoydart has been a magnet for the rich who for reasons of status, sentiment or sport have paid well over the odds to possess it. Seven lairds have come and gone since the 1940s, few of them with more than a tenuous hold.

This week, the future of Knoydart was thrown in the air once again. Residents had expected to get some mastery of their own fate - at least for the next 25 years - following the intervention of the multimillionaire theatrical impresario Sir Cameron Mackintosh, the man behind *Cats*, *Les Misérables*, *Miss Saigon* and other hit musicals.

His charitable trust was to conclude a deal next week to buy the 17,000-acre Knoydart estate from the receivers for about £900,000. He was going to lease back most of the property for the price of a bottle of Scotch to a local foundation which includes the residents.

On Wednesday, however, they learned that Sir Cameron had pulled out. His ownership could not be squared with the demands of other interests. Two conservation bodies, the John Muir Trust (named after the Scottish American who set up the Yosemite national park) and the Chris Brecher Trust, created by the former Olympic medalist runner, reportedly wanted an option to buy in return for the £900,000 each they were planning to invest in the place. There were difficulties over renewing the lease and over compensation terms if it ended.

For some residents, the news was a blessing in disguise. For however benign his intentions, the Mackintosh solution would have been at the expense of their original ambition to own the place themselves.

The Knoydart story is not the first of its kind. Two years ago the 68 inhabitants



Since 1980 it has been revitalised by a remarkable family of incomers, the Robinsons, formerly boatbuilders in Cornwall. From the road above, a 20-minute scramble brings the visitor to a settlement of houses, boat shed, holiday hostel and restaurant, all built to a standard which would put the fictional Swiss Family Robinson to shame.

In summer they take tourists round the Hebrides on their restored Danish trawler, the *Eda Fransen*; and organise painting, walking and diving holidays. In winter, they build boats and houses, for themselves or for others.

As incomers, however, the Robinsons are not unusual. Not one of Knoydart's residents is of local origin, even though the youngest, including three new babies, were born there. A leading activist is Bernie Every, the postmaster, a pony-tailed philosopher in a deerstalker hat who quotes Thomas Paine and was once a plumber in Kent. The oldest inhabitant, a crofter for 33 years, comes from East Anglia. The pub owner, a former estate manager now suing his ex-employees, is from Aberdeenshire.

The guest house is run - or will be until their imminent retirement - by a former army chef from Nottingham, Dave Marriott, and his Glaswegian wife Jan. Indeed, the immigrant nearest to being local is probably Ian Wilson, a champion shinty player who breeds champion sheep on 3,000 acres on the northern side. He comes from Port Williams - and his wife Jo from Gloucestershire.

Knoydart is a cosmopolitan place where no one who makes a living is regarded as an outsider. Millionaires (and there are several) drink alongside paupers. Apart from the absentee holiday home-owners, most of these people are working hard to sustain life against the elements. The few hangers-on are regarded with disdain.

"It's sometimes said we are running away from life," said Roger Russell, a retired submariner who is one of three community directors on the Knoydart Foundation. "Wrong. We are walking away from life."

Life on the peninsula is hard and busy. There are numerous committees to be staffed, many hats to be worn and too few heads to wear them. The primary school has six governors - and five pupils. There is the residents' association, village hall committee, fire brigade, forestry project, Highland Games committee, to name only a few.

The solidarity of the residents has been sorely tested by events, however: by the secretiveness of recent owners, by the loss of estate jobs and the disappearance of valued friends, their failure so far to buy the land on whose borders most of them live, by the intervention of a benign but powerful broker in the person of Cameron Mackintosh and now by his withdrawal.

Democracy can be painful when thrust into a small place. Insecurity and gossip have bred envy, and some minor feuds have broken out. "The negotiations have made things political and it can be very destructive,"

said Toby Robinson, one of the boatbuilding family. "But we all get on, and we have a lot in common, far more than we might think."

Although they share a love of the place and a desire to make it work, the residents' economic interests are not all the same. Some are dependent on the estate, some not. Some are accustomed to free housing and electricity in return for defence to a landlord, others are not. Many are freeholders, having bought their houses and acres from former lairds. A few believe ownership of the estate - which has fine stalking

Deiwart, who owns the Kilchoan estate next door, local councillors and the residents themselves.

When Highland chiefs lost their clans after the Jacobite rising in 1745, they became aristocratic landowners, betraying their kinsmen and replacing them with hardy Cheviot sheep. Early this century sheep gave way to deer, for stalking. The new lairds were deer, whisky and tobacco barons. They were followed by foreign businessmen, like the Danish Kirk Christiansen family of the Lego toy empire. Arab sheikhs such as Mohammed al-Maktoum, or the Egyptian

chairman of Sheffield United football club, Brealey set the residents at loggerheads when he tried to build a resettlement hostel for juvenile delinquents - known popularly as the "boot camp".

The application failed and the estate, now known as Knoydart Peninsula Ltd, passed into the hands of new shareholders. These were revealed to be Stephen Hinchliffe and Christopher Harrison, both from a failed retail empire called Facia, which collapsed in 1996. Hinchliffe is now on bail on fraud and corruption charges while Harrison is in a German jail facing fraud charges. The receivers were called in last October.

Behind this tangled web stands the Bank of Scotland, which since 1983 has accumulated a debt of about £1.8m. The residents have no sympathy, accusing the bank of betraying its proclaimed policy of "helping the community".

They suspect it of obstructing their consortium bid in favour of the financially secure Cameron Mackintosh. "It shouldn't be our job to get the bank out of a hole," said Grant Holroyd, a forester.

On Wednesday the people of Knoydart gathered in the village hall to revive their campaign. With £85,000 raised in pledges and donations, added to the money promised by the two conservation trusts, they still have to find about £400,000 to realise their dream.

But, as with the winter weather itself, the window of opportunity is small. The people of the peninsula will need more than a patch of blue sky between financial gales if they are to become masters of one of the most beautiful stretches of land in western Europe, the "last wilderness".

**A few believe ownership of the estate is irrelevant. Others say it is crucial to the community's aims of economic self-sufficiency and further employment**

along with dilapidated woodlands - is irrelevant.

Others say it is crucial to the community's aims of economic self-sufficiency and further employment. If stalking is to be profitable, the "big house", Inverie Lodge, needs to be upgraded. The hydro-electric power station needs repairing. Above all, land needs to be released, not for more holiday lets, but for affordable homes.

Cameron Mackintosh owns the North Morar estate across the water from Knoydart and often comes over to drink in the pub. Last year he brought his friend Peter Mandelson, the prime ministerial confidant now fallen from grace.

Mackintosh joined the Knoydart Foundation when it was set up two years ago, along with a Belgian pharmaceutical magnate Eric

Fayed of Harrods. Pop stars bought themselves castles for private revelry.

Few Highland landlairs have caused the kind of trouble seen at Knoydart. Lord Brocket, a Nazi sympathiser, owned the place in the 1940s and was the target of a land grab by the so-called Seven Men of Knoydart, whose exploit is commemorated by a cairn outside the village hall.

There was Lord Hesketh and then the Crosthwaite-Eyre family. The benign rule of Major Chamberlayne-Mackintosh ended in 1983 when he sold to Philip Rhodes, a property developer from Surrey, who sold off large slices of his 55,000 acres.

The 17,000 acres that remained were bought by Reg Brealey, chairman of a failing Dundee juice company called Titaghur and former

of nearby Elg bought their island for £1.5m with outside help. But it has blown up just at the moment when land reform - ending 900 years of feudal tenure in Scotland - has been pushed to the top of the political agenda by a Labour government desperate to beat the nationalists for control of the new Scottish parliament.

What the Knoydart saga demonstrates is that "community purchase", a fine-sounding phrase in the mouths of Edinburgh politicians, is no bed of roses but a prickly path of thistles.

The inhabitants cannot

afford to wait for a change in the law. They will now be demanding that the Scottish Office actively support their bid. For without control of the land, they say, they can never find security nor fulfil their other wish: to help repopulate the Highlands.

Knoydart may be a wilderness today, but that is not its natural condition. As with the rest of the region, exploitation is partly to blame. Voluntary emigration in the 18th century was followed by famine in the 19th. Yet 400 people remained on Knoydart when Josephine Macdonell, widow of the last

clan chief, ordered her factor to evict the remainder so that she could sell the land to a sheep-farmer from the Lowlands.

This "clearance" was one of the last, and most vicious, in the Highlands. After their houses were torn down, most were taken to Skye where they were put aboard the Sillery and sent to Canada. The helpless, old and ill were left to dig holes in the ground, forage for scraps and die like animals.

The ruins of their houses can still be seen facing the sea at Doune, a cove which once was home to 150 people.

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*Sleep is a mystery - but the benefits must be immense to make it worth the risk*  
In FT Weekend



PERSPECTIVES

# The Nature of Things

## Stop twinkling, twinkling little star

Andrew Derrington explains how astronomers can obtain clear images of the planets

The twinkling of stars, although it adds to their charm, is a nuisance for professional astronomers. It makes it impossible for even the most powerful telescope to obtain a clear, steady image. The image shimmers and jumps hundreds of times a second. The movements are tiny, but they blur the finest detail in pictures of planets and stars.

The twinkle is caused by the earth's atmosphere. Starlight travels in perfectly straight lines across billions of light years of empty space but the turbulence of the air in the last few hundred kilometres of its journey to an earth-bound telescope bends it about, making images shimmer.

Telescope sites are chosen to have clear air and stable atmospheric conditions - what astronomers call "good seeing". Even so, looking at a small star through an earth-bound telescope is rather like trying to spot a penny on the bottom of a swimming pool.

This is why the Hubble space telescope, orbiting above the swirling atmospheric soup, produces more detailed images than ground-based telescopes

twice its size.

The theoretical limit on the ability of a telescope to resolve detail depends on its diameter. Unfortunately, even at the best sites, air turbulence prevents telescopes exceeding the theoretical performance of a 10cm or 20cm telescope.

Despite this limit, larger telescopes, several metres in diameter, are widely used. This is because they catch more light. They can analyse the light from faint stars and galaxies even if detail cannot be resolved.

The outlook for ground-based telescopes is improving. A trick developed during the "Star Wars" anti-ballistic missile programme makes it possible to get clear steady images for the first time.

Adaptive optics, as the trick is known, is based on a very simple idea. You measure how much the twinkle distorts the image and add an equal and opposite distortion to the image before you record it.

Putting the idea into practice is more complicated. Atmospheric turbulence changes the image hundreds of times a second. The changes can be measured using a very small, very bright star as a reference.

A powerful, high-speed computer can calculate the distortions that should be applied to a deformable mirror in the telescope to correct the image of fainter objects (test stars) near the reference star before the image is recorded. The technique works well

because the light from the reference star and the light from the test star suffer exactly the same effects of atmospheric turbulence.

The bright image of the reference star can be analysed in a few thousandths of a second and used to correct the faint image of the test star which can take several minutes to record. Uncorrected movements and distortions would blur any detail, but adaptive optics keep the image stationary and undistorted while it is recorded.

The simplest version of adaptive optics, known as "tip-tilt", simply keeps the image of the star in one place by moving (tilting and tilting) a mirror in the telescope. Tip-tilt corrects gross movements of the



image caused either by atmospheric distortion or by telescope vibrations.

The same approach has been applied on a smaller scale in consumer goods: image stabilisation systems that compensate for trembling hands are now available in binoculars costing a few hundred pounds. Unfortunately telescope images

distort as well as moving about. A complex mirror with controllable shape is needed to correct distortion. Adaptive optics works because the image distortions can be calculated and corrected more rapidly than they change. Image sensors, computers and deformable

mirrors that work fast enough to make this possible have only been available in the last few years. However, even the fastest adaptive optics system will be useless if there is no reference star in the vicinity of the test star.

To get round this problem, astronomers have developed

a way of making their own reference star. A powerful narrow laser beam of yellow light is fired into the air. The light is absorbed by sodium atoms, which sit in a layer of the atmosphere a few kilometres thick 90km above the ground. The excited sodium atoms in the laser beam emit light, forming a bright spot that can be used as a reference star.

The sodium reference star can be created in parts of the sky where there is no natural reference star. It also has the advantage that its wavelength is known. This makes it easy to exclude its light from measurements of the test star.

Adaptive optics systems are already working on several telescopes that are in the 3-4 metre class. On a good day these telescopes can claim to compete with the Hubble space telescope.

In the next two years several much larger telescopes - 8-10 metres in diameter - will install adaptive optics. Then it will be possible not just to spot the pennies on the bottom of the swimming pool, but to read the writing around the rim.

The author is professor of psychology at the University of Nottingham

## Minding Your Own Business

# Hard shoulder on the silk road

Grania Langdon-Down meets a couple who design luxurious gifts to be used for promotion

For Nigel and Kay Glennie the new year could not have come soon enough. Before Christmas, they had to take the painful decision to write off a debt of just over £100,000 because the legal wrangling was proving too costly and time-consuming.

But there was also cause to celebrate as their company, Silk Connections, which supplies promotional gifts for the cosmetics and toiletries industry, achieved its highest turnover of £2.1m. While writing off the money leaves a bitter taste, the overriding feeling for the Glennies, as they start their 10th year in business, is relief to have put the angst behind them.

They can concentrate on an order book which promises a further increase in turnover and on two or three potential new clients.

The husband and wife team design gift ideas, which they then have manufactured abroad and delivered to the client to use to promote a particular product or brand name.

Last June, they delivered 190,000 cosmetic bags to Yardley. They had paid their supplier when the goods left south-east Asia two months earlier and were just coming up to the payment date from Yardley in August when it went into receivership.

Nigel, 41, recalls: "We heard it on the news and felt sick. We got hold of the receivers immediately and went in and identified our goods. But then we got caught in a retention of title dispute. We argued that the goods still belonged to us because they hadn't been paid for, while the receivers claimed they belonged to them because they had been delivered."

"Every point we made was thrown back at us. It is a game receivers play. They know small companies such as ours probably cannot throw a lot of money into disputes. So, after four months, we decided the costs were becoming too high and we had to cut our losses and drop our legal action."

"But, while it hit us badly, we will be able to ride it out."

The couple struggled against the odds when they set up. Kay's redundancy from another sourcing company in 1989 gave her the impetus to start Silk Connections.



Special offers: Kay and Nigel Glennie show off some of the promotional items they have designed for the cosmetics and toiletries industry

tions. She had always loved silk and decided to import it from Thailand and India.

After a year, however, she found she did not have the capital to hold enough stock to compete with the larger importers. So she started importing silk accessories to sell in gift shops. But the recession of the early 1990s killed demand for such luxury goods.

Turnover struggled along at £20,000-£30,000. Nigel, who helped

on the financial side, kept his job with a sales promotion agency. "Then we realised it was crazy not to be focusing on what we were experienced in - sourcing promotional gifts - so we ditched the silk and went back to what we knew," he says.

Building up the client base was tough. The recession meant that cosmetics and toiletries companies, were offering two products for one to use up stock rather than spending money on promotional

gifts. In 1993, two years into the promotional business, their accountant told them to give up.

So did a management consultant called in for a second opinion. "But we just nodded and ignored the advice," Nigel recalls.

The breakthrough came in the same year. Kay, 38, won a series of orders for gifts that did not require much advance financing. Turnover leapt from £125,000 in 1993 to £690,000 in 1994, enabling Nigel to join Silk Connections

full-time. Since then, turnover has gone up steadily to £2.1m in 1998 and £2.1m last year.

Their clients now include Procter & Gamble, L'Oréal, Yves Saint Laurent, Helena Rubinstein, Allied Domecq and Lego. Most are based in the UK, but the Glennies have organised promotions on the continent of Europe, in Russia, South Africa, Canada, New Zealand and the Middle East. The average order is £25,000-£50,000, but some have

reached six figures. The range of gifts includes cosmetic bags, vanity cases, cosmetic brushes, beach towels, scarves and branded tins. But they have also done three books on beauty to go with a magazine.

The gifts are mainly manufactured in Hong Kong, China, South Korea, Turkey and Italy and, between them, Nigel and Kay make about 10 trips a year to see their suppliers. Juggling the finances requires a steady nerve.

"The Chinese and some suppliers in Turkey won't do anything until you pay them up-front," Kay explains. "One problem in Turkey is that the people you deal with tell you what they think you want to hear rather than reality. So you have to build in extra time on deliveries."

One of their main suppliers is in South Korea, currently teetering on an economic tightrope. However, the Glennies work in US dollars with an independent, family-run manufacturer which never built up the huge debts that have crippled larger organisations.

Nigel says: "My main concern was whether there would be strikes at the airports or ports which could stop our goods getting out. But so far we haven't had any delays in deliveries."

Nigel and Kay do everything themselves, only using a book-keeper in the past two years because turnover has grown so sharply. Their office is a light and sunny room on the first floor of their terraced house in south-west London, which they share with their two young sons, their live-in nanny and their dog. Examples of their promotions are displayed in showcases around the office, while promotional artwork decorates the walls.

The main overheads are their salaries and financing the business. Nigel explains: "We use a factoring company for our invoices. They pay us up to 70 per cent immediately so we do not have to wait for the money to come through from the client. It is relatively expensive because you pay interest on the money they advance you, but it frees up funds to finance the next deal since we have to pay the manufacturers up-front."

They started using Royal Bank Invoice Finance, part of the Royal Bank of Scotland, two years ago. "We just couldn't trade on the scale we do without them," Nigel says.

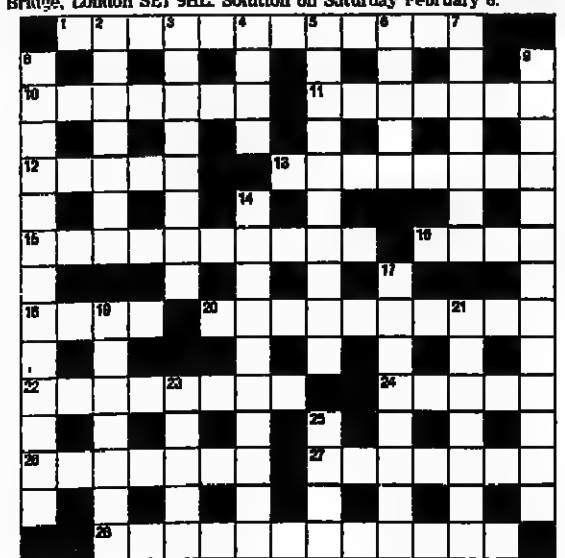
One downside of limiting the business to the two of them is finding time to take holidays together. However, Kay says: "We don't have any aspirations to take people on. The formula seems to be working and I don't see any reason to change it."

■ Silk Connections, 215 Wimbledon Park Road, London SW18 5RE. Tel: 0181-877 1593, fax 0181-871 2885.

## CROSSWORD

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## BRIDGE

The ideal rubber bridge game should involve four charming, polite players, all with a desire to play bridge that is pushy, aggressive, and thoroughly nasty.

W E  
K Q J 7 6 4 10 5 4  
10 6 4 2 A Q 3  
8 J 10 6  
K J 6 9 8 7 4  
S  
9 8 2  
8 8 7 5  
K 7 4 3 2  
5

Dealer: W N/S vulnerable

North	East	South	West
Dbl	2S	NB	1S
Dbl	NB	3D	NB
4D	NB	5D	

No one held back in the auction. West described his ultra-light 1S opener as mildly pre-emptive, and it certainly posed North a problem. He decided to double, planning to rebid no trumps to show a balanced hand with 19 points or more.

However, when East bid 2S, North's single spade stopper was insufficient to

risk 2NT. He opted for the more flexible action of doubling again and, when South was forced to bid 3D, North raised to 4D - showing an exceptionally strong hand.

South's final bid showed great trust in his partner's calling. He reasoned that he had shown no points and four diamonds and, as he was stronger than this, he should accept the try for game.

Wisely, South did not rely on the hearts being well placed. Dummy's A4 beat West's K4 lead and declarer got to hand with 54 to K4. He led 54. West played small, and he finessed with Q5, which held. Continuing the establishment, he cashed A4 and pitched a spade loser. West correctly dropping K4 - the card he was known to hold.

South, however, did not waver in his resolve and led 24 and ruffed it in hand, felling West's J4. With winning clubs in dummy, South drew trumps, and then threw his other spade loser and a heart on the club winners.

Later, he had time - and a trump - to ruff a heart in dummy. 5D bid and made - the hard way...

Paul Mendelson

## CHESS

Garry Kasparov increased his lead in the world rankings in the second half of last year, according to Fide's latest international list. His Indian rival, Visy Anand, slipped back with a poor performance at Dortmund.

The new star is Russia's Alex Morozovich, 21, who has jumped to No 5 after a string of victories.

Meanwhile, Kasparov has returned to top-class play in the annual Hoogovens event now in progress at Wijk aan Zee, and will also compete at Linas next month. After three rounds at Wijk, he and Anand shared the lead.

Fide ranks England's Michael Adams as world No 6. Nigel Short 11 and Matthew Sadler 17. Only Russia has more grandmasters in the top 20.

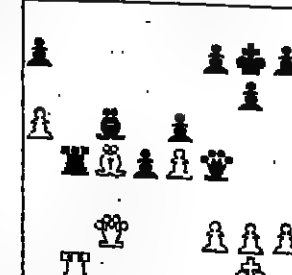
Sadler may slip back a place or two after the annual Hastings Premier, where he finished joint second behind the Bosnian Ivan Sokolov. The Britons had their moments, notably in this game where White plays the Grand Prix Attack with f4-f5, a favourite weapon on the UK weekend circuit.

Black's early downfall is caused by his rash advance f5x4, which concedes outposts to White's knights (J Plaskett v S Shipov).

1 e4 c5 2 Nc3 d6 3 f4 Nc6 4 Nf3 g5 5 Bb5 Bd7 6 0-0 Bg7 7 d3 a6 8 Bxc6 Bxc6 9 Kh1 Qd7 10 Qe2 f7 11 Nd5 Rd8 12 Ng5 Nf6 13 Nb6 Qc7 14 Ne4 cxd4 15 Ne6 Qc8 16 f5! Rg8 17 Nb6 exd3 18 exd3 Qb8 19 fxd6 Bb8 20 g7 Bxg7 21 Bg5! Bb8 22 Rael Rd7 23 Rxe6 exd6 24 Nxc6+ Kd8 25 Nxd7 Bxd7 26 Qe7+ Kc7 27 Nd5+ Resigns.

No 1267

A Cooper v M Turner, Ful-



print York Open 1999. Murugan Thiruchelvam, who is just 10, stole the show at York by becoming the youngest ever qualifier for a national championship final, but Turner won first prize and played the best game. How did he win as Black (to move)?

Solution, Back Page

Leonard Barden

مركز من الأمل



## PERSPECTIVES



Ethics Today

## Poverty that market solutions cannot reach

Joe Rogaly says the trick is to encourage more outsiders to put their money into Africa's non-dreadful countries

If a continent could be on our conscience, Africa is it. We who live in rich countries do not like to think about the grand piano-shaped land mass that houses so many of the world's destitute people. It is tiresome the way our screens are cluttered with starving babies, merciless armies. We mutter about bringing it on themselves, and turn away.

Our habitual shrug has been deployed to ease our minds often enough, not least with this week's news that the UN's peace-keeping efforts in Angola have collapsed. Another African civil war, as in the Congo, Rwanda, and, even as we speak, Sierra Leone: there seems no end to it. Why, you might ask, should we who snore comfortably on either side of the Atlantic lose

any sleep over this? These conflicts are taking place in remote territories, unlike former Yugoslavia, which is at least in accessible Europe.

In the US, Afro-Americans will know the answer. They are presumably as concerned about the lands of their forefathers as any other hyphenated Americans. As to Europe, the colonial legacy is forgotten, but not gone.

This is not to say that the evil dictators who have ruined so many African states since independence are blameless. Africa is suffering from poverty and bad government, not colonial masters. Yet the scramble for Africa, during which European states acquired empires, did more harm than good.

The period of European rule was short-lived. The white

holders of African real estate scrambled out quickly enough when it suited them. They left behind scarcely developed economies, insufficient infrastructure, low educational attainment. This is particularly true of the countries south of the Sahara and north of South Africa.

Every form of assistance has been tried since the British, French, Belgians and Portuguese departed. Most of it has failed. The European Union provides minimal aid. The World Bank has offered loans in return for specific government actions, with limited effect.

Some governments, of which Kenya's is one, have promised the same reforms many times over. Most African countries are now so in debt that their creditors might as well write off the

least collectable repayments straight away.

We know the fashionable solution. Free markets. Economic liberalisation. Unfettered trade. Many African countries are already stumbling towards such a strategy. The result is the fastest growth for many years.

I take this from Paul Collier's pamphlet, published on Wednesday. Professor Collier completed his writing shortly before becoming director of the Development Research Group of the World Bank last year. He comes across as an advocate of tough love.

He observes that the 11 countries with at least adequately liberal economic environments (by World Bank criteria) registered 6.2 per cent growth in 1994 and 1995, or 3.2 per cent per capita. These regimes, which include

Ethiopia and Uganda, account for 29 per cent of the African population. The other 71 per cent are getting steadily poorer; economic growth is slower than population growth.

"Where policy is dreadful," he concludes, "African economies decline; where it is not dreadful, they grow." The trouble is, all countries are seen as high-risk by potential investors. Only those with intimate knowledge of the continent, such as exiled Ugandan Asians enticed home, or South Africans, take the trouble to discriminate between risks. The trick is to encourage more outsiders to put money into non-dreadful countries.

Professor Collier believes this can be achieved if the most enlightened governments choose to lock themselves in to recipro-

cal free trade agreements with the EU. This would convince potential investors that they were serious about maintaining liberal trade regimes. They would become models of growth and eventual prosperity for others to emulate.

Such thinking is in harmony with plans for modernising the Lomé Convention, the trade-and-aid agreement between the EU and 71 African, Caribbean and Pacific countries. This is hardly surprising. The world is moving inexorably towards global free markets. World Trade Organisation rules make it difficult to take any other course.

The question is, will open markets save Africa? In the long run the capitalist dynamic creates wealth. Some might trickle down, though not to many in the

present generation. In the immediate future the danger is that economies dependent on one industry - coffee, bananas, mining, or whatever - will be swallowed up by European, American and Japanese companies.

You can of course make transitional arrangements, and doubtless the successor agreement to Lomé will bristle with those. But the worst-off countries in Africa are poor in a sense that market-led development alone cannot possibly reach.

The need for schools, hospitals, clean water, decent roads, persists. Connecting Africa to the free trade web will not of itself erase those images that so trouble our moral sense.

*"Living Down The Past, IEA London, e-mail: lea@iea.org.uk joe.rogaly@ft.com"*

## Lunch with the FT Healthy choices for a woman making a difference

Gro Harlem Brundtland intends to do it her way at the WHO - as she always has, writes Frances Williams

To me lunch in Brussels means mussels and chips - but they were not on the menu of the restaurant of the Hotel Astoria where I met Gro Harlem Brundtland, three times Norwegian premier, international stateswoman and now head of the United Nations World Health Organisation.

The WHO office in Brussels, where Brundtland was wooing the support of assorted European commissioners and Belgian notables for WHO programmes, thought the boss would enjoy lunch in the Belle Epoque splendour of the Astoria, whose past guests have included Churchill, Eisenhower and Adenauer.

And I think she did, though she was less impressed by the chocolate-packed delights of the "haute cuisine" menu. Did she feel under pressure to eat healthily as head of WHO, I asked, as she chose grilled plaice preceded by Parma ham and melon. No, it was just for herself, just as she insists on climbing the stairs to her eighth floor office in Geneva each morning. I went for the gastronomically incorrect poached foie gras, with scallops as the main course. We shared a large bottle of Perrier water.

Brundtland was a physician and public health official before entering politics, and she started off with no political ambition other than "making a difference" in people's lives - a slogan she has now given the WHO.

After gaining a master's degree in public health from Harvard, the young doctor worked in the Norwegian health ministry before moving to Oslo's school health service, where she observed at first hand how health is affected by social and environmental factors.

Her political break came in 1974 when she attracted public attention by campaigning for reform of the country's abortion law. Out of the blue, she says, the prime minister asked her to

join the cabinet as environment minister - and to help pilot a revised abortion law through parliament.

Eight months later, in 1975 - International Women's Year - she was made deputy leader of the Labour party at the age of 35, and in 1981 she became Norway's first woman prime minister. Subsequently she chaired the World Commission on Environment and Development, which coined the concept of "sustainable development" and earned her kudos among environmentalists and developing countries alike.

Forceful and articulate, in her prime ministerial days she was

**'I was young, a woman, I was talking substance and I had a clear voice'**

sometimes likened to Britain's Margaret Thatcher, though the two were political opposites.

Did she have the same intimidating effect on her male colleagues as "Nanny" Thatcher, I ask. "Not at first - later," she laughs. "At the beginning I was young, a woman, I was talking substance and I had a clear voice." Still, she thinks it is inevitable that as long as women leaders are a rarity men will compare them with nannies or teachers as a psychological short-cut to justify an unusual situation.

As prime minister, Brundtland spearheaded a drive to achieve near-parity for women in government and parliamentary positions and has similar plans for the WHO. On her first day last July, she appointed five women among the nine executive directors who make up her "cabinet", and intends to recruit six women for every four men in the future.



Gro Harlem Brundtland: 'You have to look at whether you're organised in the best possible way. This is part of good management'

I wonder whether this target is realistic, but before she rounds on me our main courses arrive, hers in the form of a yacht in full sail. She continues unmoved.

"When you start calculating what is needed in order to reach goals - which is what I always do - you see a big difference between a reasonable pace and a slow pace. If you set a target of 60 per cent recruitment of men and women from now on, it will take 25 years before you will have a balance of the sexes. If you use 60

per cent as the target it will take 12 years - and 12 years is quite a long time. The resolution of the World Health Assembly [the WHO's annual meeting] says there should be gender balance by 2005. So I have set a pragmatic policy which takes 12 years instead of seven - any other choice would not have been serious."

In any event, she says, new recruitment has barely started because, with the exception of those first appointments, the cur-

rent restructuring has begun by shuffling professional posts around existing (predominantly male) staff.

How did she herself, as the mother of four children, manage a top-flight political career? When the cabinet post was offered, she apparently asked her husband whether he could cope with the increased family responsibilities. "He said: I think you should say yes, I will do it, but I will do it my way."

So Brundtland took her first

step on the political ladder and husband Arne became head of the household, a situation she sometimes found uncomfortable. "As a mother you have strong opinions and I was not always happy with his decisions. That was psychologically the most difficult part."

More remarkably, Arne was at the time a stalwart of the local Conservative party and a foreign policy analyst advising the Conservative parliamentary group. "In a modern marriage, where

you both feel that two equal people are marrying with the same rights and duties in the family and in working life, then you respect that people have different political views."

Despite the pressures, she says, "our marriage held, we respected each other, we continued our general debate on all issues of society - and my husband started voting Labour." We both laugh.

I ask if her political views have also shifted, for example from old to new Labour. "No, because I was always new Labour, in a sense. I tried to modernise the party. I did not feel dependent on what people had said 20 years before when I was a child."

Still, Brundtland says she stands by basic socialist values - equality, solidarity, democracy and human rights - which also underpin her aims at the WHO. "We know that health and education are really basic assumptions both for human rights and for democracy. People who don't grow up never have democratic rights and people who don't get an education cannot make choices. This is for me very basic."

The dessert menu arrives - no

## The upheaval has caused considerable anxiety and stress among staff

fresh fruit but I say I can ask for some. Or she could have cheese. I plump for nougat ice-cream with fruit coulis and she decides to join me. "Ice-cream is really better than cheese."

A believer in quick transition, Brundtland has already restructured the WHO. But the upheaval has caused considerable anxiety and stress among staff competing for the available jobs.

She acknowledges the problems but says some pain was inevitable. "Change is always a difficult process to go through, especially if it has not been a routine part of the organisational culture. All the time you have to look at what you're doing, whether you're doing the right thing, whether you're organised in the best possible way. This is part of good management."

Does she see the WHO as a possible platform from which to launch a bid for the world's top international post - UN secretary-general? Although her name was mentioned on two previous occasions, she decided not to campaign actively, feeling that the job should go (as it did) to an African.

In 1987, however, at the same time as the WHO job beckoned, the just-elected Kofi Annan asked her to become his deputy. "That was a difficult choice. But then I decided that I'm combining most of my professional and political experience in trying to do work at WHO." And next time around? "Frankly I think the WHO and its work so important that I will do what I can there. I don't think beyond that in any way."

To the sultry beat of Arabian music, the bright red Maserati shrieks to a stop outside the Armani Café on Boston's fashionable Newbury Street.

It is an indication of how Boston has become home to more than 10,000 wealthy foreign students, whose demand for designer goods, nightclubs and street cafés has turned this New England city into one of the top venues in the US for fashion and cuisine.

As recently as 10 years ago, there were few trendy boutiques or restaurants in this student mecca, which has more colleges and prestigious universities than any other city in the country.

But thanks to the international students (nicknamed "Euro kids", though most are from Asia), big name fashion houses such as Chanel, Max Mara and Zegna have spent sev-

eral fortunes launching ritzy boutiques for them and their visiting parents.

Several up-market clubs cater to an almost exclusively international student crowd. At M-80 and Club Nicole, \$250,000 sports cars pull up, Prada is everywhere and fine champagne is ordered - New England is the biggest market for Dom Pérignon in the US - not just to sip, but to spray in wild abandon.

Do the American students resent these Euros' flash and bling? "They're obnoxious," says a blonde sophomore attending Emerson College. "They're always racing down Newbury

Street in their expensive cars with the music blaring. And they never study! I heard they pay people to take their exams for them."

Truth or jealousy? A visit to M-80 on the Wednesday of Boston University's exam week found it as packed as ever, with no one seemingly interested in opening a book.

But Rize Khan, Boston University's associate vice-president for external programmes, disagrees: "We recruit students from all over the world and have certain requirements, both academic and financial. If they don't perform, they're out."

Education and the need to

acquire fluent English are not the only reasons wealthy parents send their children to study in Boston. "The same people who party together in Boston will see each other for the rest of their lives during vacations at St Tropez and St Moritz," says Alain Mestral, a young Belgian commissioned by wealthy parents to manage bank accounts for their children and see to their every comfort.

Most, but not all, students appear to have unlimited allowances. For entrepreneurs, it is a dream come true: when the trendy Serenella boutique receives its seasonal shipment from designer Azadine Alaïa,

the clothes sell out in hours.

"It's true that the Euros stick together," says Gretchen, a student from Puerto Rico who is dating a boy from a wealthy family in Mexico City.

"It's not that we exclude Americans, it's just that we like to dress up and go out on the town. Americans seem stuck to their sports cars."

While many foreign families encourage their sons to be educated in the US, this isn't always true for their daughters, especially in Arab and Asian cultures. Alain Mestral had refused to take female clients since one of his young charges became pregnant and was whisked back

to Saudi, and an uncertain future, by her irate father.

But young women from Iran and parts of Saudi Arabia are beginning to make an appearance. You can see them checking out the boutiques on Newbury Street, trendy platform shoes and black leather pants beneath their black silk chadors.

"They all have operations to get their virginity back," said one of the "aestheticians" at the posh Saks Fifth Avenue department store. "They come here and see this as their opportunity of freedom before they have to go back and marry."

According to figures from both the Institute of International

Education and Boston University, seven out of 10 foreign students are from an Asian country, with students from Arab countries, South America, Greece and others accounting for the rest. The financial upheaval in Asia, it seems, has had a negligible effect on enrolment.

If nothing else, international students bring a sense of style to Boston that had not been there before. With Newbury Street, the city now has somewhere that bears comparison with Rodeo Drive in Beverly Hills or Madison Avenue in Manhattan.

Although most international students go home after graduation to take over family businesses or to marry, an increasing number choose to stay and work in Boston.

As Gretchen puts it: "America is a place with unlimited freedom. Here, you can be whoever you want to be."

## Flashing the cash in Boston

Rich foreign students have provided a bizarre boost to the city scene, says Marisa D'Vari



## PERSPECTIVES



## Pillows and pots all go on the block

The sale of Madame Chiang Kai-shek's US home is reviving old memories, says Mike Steinberger

To Gary Braswell, it had all the makings of a non-event. Last September, his auction house, Braswell Galleries, was commissioned to sell several hundred items belonging to Madame Chiang Kai-shek, the centenary widow of Chinese Nationalist leader Chiang Kai-shek and herself a towering figure in contemporary Chinese history.

A preview of the sale was scheduled for December 13 at Hillcrest, the sprawling Long Island estate recently vacated by Madame Chiang, who now lives in Manhattan. Apart from a pair of ornate French chandeliers and a handful of paintings, there were few pieces of great value or significance, and Braswell expected just a smattering of prospective buyers.

What he did not know was that a number of Chinese-language newspapers and web sites had got word of the open house and shared it with readers.

The result? More than 10,000 Chinese-Americans, some from as far away as Virginia and Ohio, descended on Lattingtown, a North Shore village studded with million-dollar homes and pricey boutiques. Most were of Taiwanese descent, but there was also a big contingent of emigrants from the Chinese mainland.

Fewer than half actually made it inside the stucco mansion; those who did waited for up to four hours for the chance to sit on Madame Chiang's bed and stroll through the cavernous hallways that had held her in seclusion for 23 years.

According to Braswell, the day had a reverential tone: "They clearly regarded the house as part of their heritage. A lot of them were comparing it to Mount Vernon and saying that she is to them what George Washington is to Americans."

Barbara Liang Sang, a Taiwanese immigrant now working as a television producer in New York, was among those who made the pilgrimage to Lattingtown. Sang arrived too late to tour the house but spent several hours chatting with other visitors.

The mood, she says, was

sombre, with many in the crowd particularly upset that the 15-room villa, purchased in 1949 by Madame Chiang's brother-in-law, financier H.H. Kong, has also been put on the market (the asking price is \$6.5m).

"People were crying," says Sang. "We have great respect for Madame Chiang and think that she is not being treated properly. The house should be kept by the Taiwanese government. It's a piece of Chinese history."

Joan Helen de Kay, who is handling the sale, says there

have been no inquiries as yet from Taipei, and though several Taiwanese-Americans have expressed interest in the estate, de Kay expects the property will ultimately be divided into four parcels - the mansion will be part of the largest.

Madame Chiang's reaction to the outpouring of affection is unknown; she does not give interviews and was last seen in public four years ago. She left Taiwan for the US shortly after the death of her husband in 1975 and has maintained a cloistered existence ever since.

Attended by family members, household staff and security guards, she passed the time at Hillcrest practising calligraphy, painting and walking the heavily wooded grounds of the 37-acre compound.

On rare occasions, she received delegations from Taiwan; famously haughty, she is said to have often made guests enter the residence through a side door as a show of deference. Beyond that, it has been a quiet life.

Madame Chiang, née Soong Meiling, was born in 1897 in China's Guangdong province, the fourth of six children in what is surely modern China's most celebrated and controversial clan. Her father, Charlie Soong, raised as a Methodist in the US, made his fortune

printing and selling Bibles in China.

In addition to his Christianity, Soong was an ardent Chinese nationalist, eager to rid the country of its Manchu rulers. He found a kindred spirit in Sun Yat-sen and bankrolled Sun's anti-Manchu Revolutionary Alliance (re-christened the Guomindang after the fall of the Qing dynasty in 1912).

They parted company, however, in 1914, when Sun, then 45, married Soong's 22-year-old daughter, Qingling. Sun died in 1925: two decades later, during China's civil war, Qingling cast her lot with Mao Zedong and the Communists. She went on to lead a privileged life in Shanghai and died, estranged from the rest of the Soongs, in 1981.

Like all her siblings, Meiling was educated in the US, graduating from Wellesley College, outside Boston, in 1917. She rejoined her family in Shanghai later that year, becoming a mainstay of the city's faded social scene. In 1927, she married Chiang Kai-shek, whose Guomindang forces were by then firmly in charge of Shanghai and displaying the brutality that would be their hallmark for the next 60 years.

The Soongs were not particularly enthusiastic about this union, either. Chiang, already twice married, was a well known womaniser who consorted with a decidedly unsavoury crowd that included some of China's most notorious gangsters.

For Chiang, by contrast, the marriage was a masterstroke. While he was plainly smitten with Meiling, he was also eager for the financial backing of the Soongs and saw, too, that his new bride - Christian, fluent in English and possessed of enormous charisma - would serve as a superb emissary to the west, pleading the Guomindang's case in Washington and other capitals.

She didn't let him down. In 1943, Chiang dispatched Meiling to the US to drum up support for China's war effort against the Japanese. It was a tour de force. A seductive hybrid of oriental exoticism and western sensibilities, she left politicians and members of the press swooning in her wake.

The highlight of the seven-month visit was a speech to

a joint session of the US Congress, the first ever by a private citizen.

Her charm offensive was aided in no small part by Time publisher Henry Luce, whose magazines gave fawning coverage to the visit. Luce, born in China to Christian missionaries, saw Chiang Kai-shek and the Soongs as the best hope for a stable, democratic China, a conviction which only deepened after the Communists took power on the mainland in 1949 and the Guomindang retreated to Taiwan.

Luce's rose-tinted view coloured US foreign policy for decades thereafter and helped make Madame Chiang a heroic figure in the minds of many Americans.

Chiang Kai-shek's democratic credentials were less apparent to others, notably his constituents. On Taiwan, he ran a highly corrupt and repressive government. Beginning in 1947 with the "2-28 Massacre", when newly arrived Guomindang troops slaughtered thousands of native Taiwanese, Chiang ruled the island with a Stalinist fist.

While Taiwan didn't suffer through a Great Leap Forward or a Cultural Revolution, Chiang was no more tolerant of dissent than his bitter enemies across the

straits. Critics of the regime were routinely jailed, tortured and murdered. His death touched off a power struggle between Madame Chiang and Chiang Ching-kuo, Chiang's son from his first marriage. Youth prevailed; she decamped to the US, while "CKK", as the new president was known, continued his father's authoritarian ways through the mid-1980s.

In 1986, under pressure at home and abroad, CKK lifted martial law, and initiated reforms to put Taiwan on the road to democracy, a process hastened by his death two years later.

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difficulties: there is no child-friendly way to explain how silicon chips work, he says. What's more, most children are already familiar with the wonderful things that computer chips can do from spending hours playing games on their home computers and in arcades. How can a museum compete with that?

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Anderson says the aim has not been to try to leave people feel-

## Lord Protector, killjoy, murderer

Should we celebrate the birth of Oliver Cromwell 400 years ago? Michael Peel sifts the evidence

Outside London's Palace of Westminster, supposedly home to the mother of parliaments, stands the statue of a British leader who shunned democracy and abandoned rule by consent. Government was for the people's good, he said, not for what pleased them.

This apparent conflict between past deeds and contemporary status is typical of the contradictions that surround Oliver Cromwell. Four centuries after his birth in 1599, he remains one of the most controversial and ambiguous figures in British history: the man who helped smash the monarchy, only to institute his own version of autocracy in an effort to retain power.

The force of his personality can still be felt in Britain today. He provides a common thread linking such apparently diverse issues as devolution, House of Lords reform and, in these days of unelected think-tanks and spin doctors, the accountability of those who wield political power. "Cromwell's influence can be felt in the whole political and constitutional running of the country," says Peter Gaunt, chairman of the Cromwell Association, a grouping of students of the life and work of the man who took the title Lord Protector.

The association and other bodies are holding a debate next Saturday to mark the 350th anniversary of the execution of Charles I, whom Cromwell helped defeat in the civil wars of the 1640s.

Next week's event is part of a programme of conferences, exhibitions and historical reenactments to mark the double anniversary year.

Already there have been signs of conflict, with church groups in Cromwell's native Cambridgeshire questioning whether all this is appropriate. For their part, the commemorators are stressing that the events are not a celebration, but an "interrogation" of a "life that was not without its problems".

That rather coy statement refers to the invasions Cromwell launched to establish English control over Ireland and Scotland. His men committed massacres in Ireland, with the result that some Irish communities see Cromwell as the father of an English arrogance and ruthlessness that has lasted for centuries. As G.K. Chest-

ton wrote about the 17th century conquest of Ireland: "It was a tragic necessity that the Irish should remember it; but it was far more tragic that the English forgot it."

Many historians argue that Cromwell was less repressive than might appear to be the case, adding that the killings in Ireland were not always carried out under his direct instructions. He acted against the Scots because they were trying to depose him.

Whatever the justification, modern-day support for devolution for Wales, Scotland and Northern Ireland has highlighted the futility of Cromwell's attempts to maintain the union with England by force. "There are obvious parallels [with today] in terms of the break-up of Britain," says John Morrill, professor of British and Irish history at the University of Cambridge. "What was created was a system that neither became a fully integrated state nor moved into a homogeneous people. There was a sort of

'You can't say he was a Blair or a Benn, but there was an element of social radicalism about him'

stability but it's manifestly becoming unrecognisable at the end of the 20th century."

If Cromwell is something of a bogey-man outside England, his image in his home country is hardly unblemished. He is commonly represented as a destroyer of towns and puritan killjoy, the man who banned maypole dancing and abolished Christmas.

Most historians argue that this image reflects widespread misapprehensions about his behaviour. "Poor old Cromwell gets blamed for all of these things," says Ivan Roots, an emeritus professor of history at the University of Exeter. "I am always getting letters from people saying: 'Can you tell me why Oliver Cromwell blew up our castle? If he had been in all the places he was supposed to have been

he would never have slept in a bed anywhere."

For some, Cromwell's enduring unpopularity testifies to the uneasy parts of the establishment still feel about a man they see as responsible for the murder of a king. The Cromwell Association says some politicians have avoided the anniversary for this reason.

John Major, former prime minister and sitting MP for Cromwell's home town of Huntingdon, has not yet become involved, although his constituency secretary says he will join the commemoration at some point.

Conservatives may feel uncomfortable with the social agenda pursued by England's most famous republican. Like Tony Blair's Labour government, Cromwell attacked hereditary privilege, abolishing the unelected House of Lords, and talked about the need to develop the individual rights of ordinary people. "He wasn't a social revolutionary but nevertheless he wanted justice and welfare," says Gaunt. "You can't say he was a Tony Blair or a Tony Benn, but there was an element of social radicalism about him."

Some of the Lord Protector's preoccupations are peculiarly resonant today. His bitter experience with the House of Lords, for instance, might be read as a warning for Labour of the difficulties it will encounter as it attempts to reform the upper house.

After abolishing the Lords, Cromwell found that the unchecked House of Commons rapidly ran out of control, creating a kind of legislative tyranny. He reacted by creating a replacement upper house and packing it with his cronies - just as contemporary opponents of Lords reform argue that a new second chamber would be packed with prime ministerial appointees.

Cromwell provides other lessons for a government that has been criticised for the influence it allows lobbyists and advisers. "One of the central issues that comes out of the 1640s and 1650s is the accountability of people in power," says Morrill. "That's still a crucial issue - is the executive accountable to people or to party caucuses? Cromwell has tremendous integrity in trying to find alternatives and running a series of experiments to create a system of government that is more just."

His plans would turn the hearts of many contemporary politicians to water. He proposed annual parliamentary polls, the election of judges and, most terrifyingly, an obligation for those in public office to answer at the end of their terms to elected bodies representing their constituents.

The contrast between such enfranchising initiatives and the notorious acts of oppression highlights the complexity of one of Britain's most significant lives. There are reports of people who will spit at the mention of the man; yet his surname was seen as sufficiently evocative to justify its use as a second world war code word to be issued in the event of a Nazi invasion.

This year's commemoration is perhaps an acknowledgement that, in England at least, the image of the people's champion has vanquished that of the heartless military man. Glancing at the statue at Westminster, Britain's political leaders might feel a twinge of envy at the appeal still exerted by a man who died almost 350 years ago.



Oliver Cromwell as portrayed by Van Dyck

## Fun for all in Silicon Valley

Roger Taylor finds the friendly face of high technology at San Jose's Museum of Innovation

Rome has the Vatican, New York has the Statue of Liberty and Silicon Valley has rows of low-rise office blocks strung out along the California freeways.

This troubles the inhabitants of Silicon Valley. They have a highly developed sense of their place in history and have begun to notice the lack of any tangible monuments to their civilisation. The San Jose Tech Museum of Innovation, in San Jose, California, is a first step towards remedying that.

Housed in a startling blue and "mango" building, the new museum, which opened last month, has been paid for largely by the great and good of the Valley. Rosemary and William Hewlett, David Packard, Anne Noyce, widow of Robert who co-founded Intel, and John Warnock of Adobe, the software company,

have each given more than \$1m towards the project.

Peter Anderson, the museum's executive director, is not strapped for resources. Local high-tech companies, keen to showcase their products, have been more than willing to donate exhibits. The result is an array of technological hardware that, Anderson says, is the envy of visiting directors from other science museums.

The challenge for Anderson has been to present this technology in an engaging and visually exciting way. After all, computer chips, per se, are rather dull objects and information technology does not lend itself well to

traditional exhibition spaces.

At London's science museum, in South Kensington, visitors can marvel at enormous steam engines and observe how they operate. At San Francisco's science museum, the Exploratorium, visitors can take part in large-scale experiments with light, heat, liquids and gases and in the process learn about the laws of physics.

Computer science is harder to put on display - after all, much of the point of information technology is to communicate information in new ways - ways which in part displace the traditional museum.

Anderson acknowledges the

difficulties: there is no child-friendly way to explain how silicon chips work, he says. What's more, most children are already familiar with the wonderful things that computer chips can do from spending hours playing games on their home computers and in arcades. How can a museum compete with that?

Anderson has made a very good job of it. Visitors can design a roller coaster and then sit in a real roller coaster car to experience what the ride would be like. In the process they learn both about computer-aided design and the laws of gravity.

They can carry out a mock heart operation on a dummy

using real keyhole surgery equipment. They can direct an underwater robotic submarine, a radio-controlled Mars probe and even ride in a jet-powered seat which hovers inches above the ground and which can be manoeuvred around a model space station.

In one part of the museum, visitors can dress up in protective clothing and watch a machine manufacturing silicon chips. In another, they can don a headset, grab two handles and make an animated monkey on the screen mimic their every move.

Anderson says the aim has not been to try to leave people feel-

ing they understand technology but with "the confidence that they can understand". The aim he says is not to teach but to inspire.

He says he has been at pains to avoid simply glorifying technology - a charge he is sensitive to as the museum has been largely funded by the industry. He has hired an ethics adviser to ensure moral questions surrounding technology. But it is hard to give visitors a really enjoyable day out and then add as an afterthought: "remember, technology can have its downside, too".

Ethical questions are most to the fore in the section devoted to

biotechnology, and it is here that they are presented most successfully. One exhibit in particular makes the point well - a luminous tobacco plant created by putting genes from fireflies into the plant. It is an object that can convey both the power of technology and the dread of that power.

Anderson says the same scientists have now produced luminous mice. He has yet to procure some for the museum, even though luminous mice are what the museum needs. Most of the exhibits, while enormous fun, are unlikely to make an adult gasp at the wonders of the modern age.

That said, there is enough good clean educational fun to ensure the museum will be an enormous hit, particularly with children, some of whom may be inspired to invent the museum's future exhibits.

سكنا من الاصل



## BOOKS

# Black sheep of the white man's empire

Craig Raine defends Rudyard Kipling: 'an intelligent and subtle ironist'

Why is it that Kipling criticism resembles criminal proceedings? An endless court of appeal, of apology, of defensiveness, of concession? Replacing the strenuous plea of "not guilty" is the permanent note of mitigation, of frank admission. Orwell, a coarsely enthusiastic brief, thought his client "a Jingo Imperialist", who was "morally insensitive and aesthetically disgusting".

Throughout Harry Ricketts' readable and cautiously revisionist biography, Henry James is

**THE UNFORGIVING MINUTE**  
A Life of Rudyard Kipling  
By Harry Ricketts  
Chatto & Windus £25, 434 pages

cited: "the talent enormous, the brutality deep-seated". For James, Kipling was insufficiently interested in the complications of the soul. For once, James' "merciless clairvoyance" failed him. In Kipling, psychic complication is a concentrate, a potent yet homeopathic presence, a lethal spore appropriate to the short story, whereas the Jamesian novel is a great laboratory of retorts, pipettes, flasks, rubber tubing, clamps, Bunsen burners - a great potter, a great display of complication. No wonder the disaffected Thomas Hardy dubbed James the "Polonius of the novel".

Even Somerset Maugham felt able to patronise Kipling - "the mind of a fifth-form boy at a secondary school". Great genius - and Kipling was a very great genius - is liable to pain us as well as pleasure us. For every tick in the margin of a great work, there is a complementary morbid tick of intellectual inferiority. One way to resist this 'disfiguring speck' is to divorce artistic creation from the exercise of intelligence - like Maugham. The other is to insist on moral inferiority - the political guilt of a writer like Kipling. This double demotion effected, the reader, thus intellectually and morally elevated, can concede something to the writing. Auden called him "horrible old Kipling" in "New Year Letter" (1940) but in the previous year claimed that Time had pardoned Kipling "for writing well". Subsequently, however, the three generous stanzas from "In Memory of W.B. Yeats" were dropped by Auden - in the interests of accuracy. The charges stood. This is Kipling the war correspondent at the Boer War: "a small place of hanging woodland filled and fumed with our shrapnel much as a man's moustache fills with cigarette-smoke." Brilliant, unforgivably brilliant. Press like this, rather than proving the pretext for a pardon, as Auden proposed, is an unpardonable provocation.

Harry Ricketts' biography is addressed to a readership which hasn't read Kipling, which is ignorant, but which knows what it dislikes. There is, for instance, the poem "Loot", which glorifies and reveals in the criminal brutal-

ity of the British soldier. Except that it doesn't. The speaker, the looter, revels in the pillage - as psychological verisimilitude demands - but Kipling is morally alert and inserts into the gleeful mayhem an explicit reference to the code of behaviour which is being so thoroughly flouted: "if you treat a nigger to a dose of cleanin' rod / 'E's like to show you everythin' 'e owns" is the voice of the speaker in full spate, but this is preceded in the very first stanza by the politically and morally correct assertion that "the service rules are 'ard, an' from such we are debarred, / For the same with English morals does not suit." The problem with any dramatic monologue, from Browning to Alan Bennett, is to manage the irony, to facilitate, convincingly, the speaker's moral condemnation of himself. Kipling has evidently achieved the feat of plausible self-condemnation by his speaker - since the poem is more or less universally perceived as a straightforward racist gloat.

Consider, too, the widely reviled poem, "The Beginning", which Kipling appended to his extraordinarily subtle and laconic examination of the complicated spinster soul of "Mary Postgate". The short story is an unflinching exposition and analysis of Mary Postgate's ability to live in contradiction - to hate where she loves and to take (sexual) pleasure in pain. It is a difficult, almost unpalatable, yet finally compassionate story which is not even on nodding terms with the Kipling of caricature - what Kipling himself called, humorously, "the aggressive imperialist" in fiction. The pendant poem, however, is read in the light of the caricature as a rabble-rousing call to Boche-bashing, the worst kind of xenophobia. Read neutrally, the poem is drenched in measured regret, an account of slowly conquered reluctance: "It was not part of their blood, / It came to them very late / With long arrears to make good, / When the English began to hate." What is more, Kipling knows, realistically, unsentimentally, that hatred is the most enduring of emotions once embarked on.

"The Head of the District" was written in 1890, seven years after the 1884 Bill which is its ultimate subject. The bill was Liberal in orientation and supported by the Viceroy, Lord Ripon. One of its revisions to the Criminal Procedure Code was to invest native magistrates with jurisdiction over British subjects - including, controversially, the power to try white women. The 17-year-old Kipling was hired in his club when the paper he worked for, *The Civil and Military Gazette*, "rattled on the bill", supporting it after initial opposition. "The Head of the District" is usually read as Kipling's comment on native ability to govern and administer state affairs competently. When Orde, the white head of the district, dies, the government appoints a Bengali as

his replacement, one Gish Chunder Dá, MA. The new Deputy-Commissioner's Afghan tribal subjects are insulted by the appointment. They revolt and the Bengali panics. "I have not yet assumed charge of the district" is his cowardly response to the crisis.

So far, this reads like a narrative of administrative incompetence told by the complacent voice of Anglo-India, chortling with racist condescension. No backbone, these natives. In fact, the story can only be read in this way if the reader is as prejudiced against Kipling as he believes Kipling to be prejudiced against Indians. The rebellion is really put down by Khoda Dad Khan, an Afghan warrior loyal to the Bengali's predecessor, Yardley Orde, and to Orde's second-in-command, Tallantire. It is Khoda Dad Khan who kills the Mullah behind the uprising. In other words, it is he who is effectively Head of the District. It is he who

realises that revolt against the British is futile - a drain on human resources - and it is Kipling who realises that the English can only govern by consent of the indigenous population. Kipling knows that the Afghans rule themselves. What is more, they know it, too, and it is marked in the story by a single subtle shift. When Orde dies, he speaks affectionately to the Afghans as children: "For though ye be strong men, ye are children." Children - the standard, imperialist, patronising epithet, designed to demean the dignity of another race. Kipling, though, is careful, in his code, to mark and save this sensitivity. Tallantire and Khoda Dad Khan are discussing the Bengali's successor. Both men, fully aware of where power really lies, connive at the myth of British rule. Tallantire "thunders" at Khoda Dad Khan that his people are "children and fools", that "the Government will send you a man" to rule the district. To

which, momentarily lapsing from his part in the imperial charade, Khoda Dad Khan lets slip the truth: "Ay, for we also be men."

Ricketts discusses Kipling's racism in the context of the letters of travel in *From Sea to Sea*. He quotes several examples of Kipling's Shroobolia but is curiously equivocal about their status: on one hand, Kipling is "flagrantly racist"; on the other hand, "the uneasy phrasing and tone suggested that he did not entirely believe in the opinions he was voicing". Again, he was "careful while he sent up the Europeanised Japanese to point out his own ignorance and presumption". Exactly. In India, Kipling unaffectedly despised the Globe-Trotter whose confidence was only matched by his superficiality. Leaving the known Indian sub-continent, Kipling is explicit in his identification with the con-

temptible Globe-Trotter: if the Globe-Trotter libelled India, it was Kipling's comic role to revenge India by libelling other countries. "It was my destiny to avenge India upon nothing less than three-quarters of the world. The idea necessitated sacrifices - painful sacrifices - for I had to become a Globe-Trotter, with a helmet and deck-shoes. In the interests of our little world I would endure these things and more. I would deliver 'bawling judgments all day long on all things unashamed'."

This is the persona Kipling adopts for opinions, though not for his incomparable descriptions. And it is this persona who comes in for frequent strictures from his professor-travelling companion: "If you think you can understand Japan from watching it at a railway station you are much mistaken". It is the Professor who says that the Chinese are "the superior race". And this is Kipling's

revel, implicit opinion also. Underneath the comic Globe-Trotter, there is a recognition that the Chinese are workers, unquelled by the climate. They are a force to be reckoned with. "They stand high above the crowd and they swagger, unconsciously parting the crowd before them as an Englishman parts the crowd in a native city. There was something in their faces which I could not understand, though it was familiar enough." The persona may not know more than "I do not like Chinamen", but Kipling is aware that they are rivals, they are Sabibs, as my italics show. He isn't a simpleton. He's subtle and an extraordinarily intelligent ironist. His stupidity is wished on him by stupid readers whose minds have made up a crude little fiction they call Kipling.

Ricketts' biography is a stimulating read which adds a great many informative inflections to Charles Carrington's definitive, pioneering account of the life: we learn more about Kipling.

**Kipling knows, unsentimentally, that once embarked on hatred is the most enduring of emotions**

King's sexual life from his diary, more about Pryor Agar Holloway than ever before, more about Kipling's experiments with opium, much more about "The Letters of Marjorie", more about Flo Garrard (in particular, her previously unknown comments on the fly-leaf of *The Light That Failed*), more about Kipling's involvement with the trial of Radcliffe Hall and the role of the film of *Ben-Hur* in his last writings. Ricketts' account of John Kipling's death is more moving than Carrington's, because it is fuller. But the prior death of Kipling's daughter Josephine is weaker. In truth, Carrington's account could not be bettered: Kipling's wife Carrie returns from her daughter's funeral to the critically ill Kipling, whose daughter's death must be kept from him lest it kills him. Carrie realises only as she is entering the room that she is in full mourning. She snatches up a coloured shawl and endures her unspeakable sorrow alone.

*The Unforgiving Minute* is a fine biography, but the shawl is missing. As are a great many other details - inevitably, since Carrington's account is nearly twice as long. In November 1978, Carrington reviewed Angus Wilson's biography and correctly pronounced that "Kipling studies have reached a stage where biography gives place to Lit Crit". The publishing industry knows, however, that literary criticism sells so much less well than biography, particularly criticism which concludes that Kipling is not guilty as charged.

To order "The Unforgiving Minute" at the special price of £21 (inc UK p&p) call the FT Bookshop at +44 (0)151 324 5511.



## Sense and sensibility

Ben Rogers on a powerful study of language and communication

We live in a world revealed to us by our bodily senses. As children, most of us will have experimented with eyes and ears, blocking one or both of these routes to the mind, imagining what it would be like to be blind or deaf. As we get older, it might occur to us to wonder, inconclusively, whether colour, smell and taste are "really" in objects, or to puzzle over the relation between the world as depicted in impressionist paintings and the world as described by science. The more intellectually adventurous, or perhaps more frivolous, might ponder what right we have to assume that others think and experience the world as we do, or to assume, indeed, that the external, objective world exists at all.

For most of us, questions like these quickly disappear into the sand of ordinary life, but philosophers have made a vocation out of trying to think them through. They have argued about the nature of sensory experience, its relation to the inner faculties of reason, memory and imagination and its place in human thought. Some have insisted that all our knowledge is built out of the raw deliveries of sense experience, others that reason alone can work its ways to certain fundamental truths about the world. Some have maintained that we perceive objects and individuals directly, while others have contended that we apprehend them indirectly, through a veil of sense-data.

Jonathan Rée, professor of philosophy at Middlesex University and an uncommonly adventurous and lively figure on England's dull philosophical scene, has written a book which broaches many of these old issues sideways on. *I See A Voice* is an elusive, idiosyncratic hybrid, part anthropology, part history, part philosophy. It is at the same time a fascinating, original, deeply

suggestive work, written with haunting power and beauty.

At the centre of the book lies the long and complicated story of the attempt by philosophers and educationalists to help the deaf communicate. This endeavour was a late development. It was not until the Renaissance that anyone challenged the cruel assumption that it was physically impossible for those born deaf to participate in language. But as Rée shows, even after the

**I SEE A VOICE:**  
A Philosophical History of Language, Deafness and the Senses  
by Jonathan Rée  
HarperCollins £19.99, 339 pages

16th-century Spanish Benedictine monk, Pedro Ponce de Leon, first took it upon himself to teach the mute to lip-read and talk. The noble intentions of those who worked with the deaf were subverted by a complex of prejudices at once deeply philosophical and barely noticed.

Foremost among these was the view that verbal communication was superior to any other - that the voice gave unique expression to the soul, that it was God's gift to mankind, the original source of civilisation. This was why Herder believed that the deaf and dumb were doomed to remain "like children, or human animals", and his contemporary, the

French priest and teacher Claude François Deschamps, argued that speech provided the only means of equipping the human soul with the abstract ideas essential to religion and morality. This prejudice in favour of the voice explains why for so long the deaf were discouraged from signing, and were often kept away from other deaf children, who, it was feared, might corrupt them into gesture.

In opposition to the conservative "oralists", "manualists" or "gesturalists" defended the use of sign-language as a legitimate language, and helped develop and codify it. These partisans of the "method of signs" had their philosophical champions, men such as the 17th-century English doctor, John Bulwer, or in France, Condillac and Diderot, who contended that visible gesture was superior to speech. Just as partisans of speech had argued that spoken languages were uniquely civilised, or that all modern spoken languages bore traces of the language spoken in Eden, so there were those who maintained that sign-language was uniquely natural and uncorrupted.

Both sides, of course, were wrong. Over the last 100 years - thanks to developments in linguistic theory and the achievements of the deaf themselves - the assumptions that presided over centuries of controversy have been entirely discredited. "The differences between sight

and hearing had, it turned out, no essential bearing on the nature of language, and sign languages proved to be neither better nor worse than spoken ones: they were structurally much the same, and given the chance they would develop into flourishing natural languages just like any others."

What, though, is the purpose of this vividly told, alternatively sad and heartening story? It is certainly not meant as a contribution to the history of philosophy - Rée has no patience with that "curiously ritualised discipline". It is offered, rather, as a piece of "philosophical history" - a study of the way metaphysical thinking enters our practices and relations, a caution against crude philosophical prejudices.

There is more to Rée's book, though, than a study of "the by-ways of philosophical experience". A larger thesis lurks below the water-line, and it surfaces towards the end. Like his heroes in the phenomenological tradition to which he belongs, Husserl, Heidegger, Sartre and Merleau-Ponty, Rée denies that experience of the world can be analysed into the contributions of the five senses. On the contrary, "There is no experience that is not experience of the world: the world precedes everything else in our experience and must be present to us before we can perceive anything at all. It is only with the world and our bodies as background that we have been able to construct the metaphysical notions of sensation, vocabulary and subjectivity which have distracted and bemused us for so long."

Perhaps the most profound argument of *I See A Voice*, then, is that the deaf and the hearing, contrary to what "common sense" and philosophy have often suggested, live in a common universe - and that there is more to life than hearing, or sight, or the brute freight of the senses.



A thrilling story of power and politics, greed and ambition, lust and money - that is, the history of tulips. In *The Tulip* (Bloomsbury £20, 439 pp) Anne Pavord reflects the same passion for her subject as her records in growers and collectors of the last 400 years, mixing history and anecdote, detail and digression with fine illustration (above, from a 16th-century Dutch florist), and includes a complete species list of "the flower that made men mad".







## ARTS

## Monet and money

The Monet exhibition is about much more than art. It is also, inevitably, about money. It has to be, given that the retail value of the paintings on show at the Royal Academy is estimated at around £200m, making it one of the most valuable shows ever staged in London.

It is also about saving the Royal Academy. Two years ago the RA had a deficit of over £5m, the consequence of some lacklustre exhibitions and a crooked finance man. This has since been reduced to £500,000, and by the end of the Monet exhibition in April the RA should be showing a healthy surplus.

The Monet is costing £1.8m to present, but it should raise the RA's turnover this year from £15m to over £20m. The profit will be devoted to mounting a more adventurous programme and preparing for the RA's takeover of the Museum of Mankind building at its rear when the museum returns to its roots in the British Museum.

With a record 600,000 visitors expected at £9 each (and 150,000 tickets already sold), the Monet is big business. Fortunately for the Royal Academy it has two good friends that are helping it take care of some of the irritating costs, such as transportation and security.

Monet is being sponsored by accountants Ernst & Young, which has done well, in terms of raising its profile and attracting new business, by backing shows by Picasso, Cézanne and Bonnard at the Tate. The Monet is its biggest venture yet, and in terms of straight fee to the RA and additional expenditure on entertaining and promotion, must be costing around £1.2m. The pay off, on top of publicity, is a succession of parties at Burlington House.

The other great supporter of the show is the Government Indemnity Scheme, which covers the insurance costs of works of art travelling to the UK for show in non-national museums – the big national galleries get automatic cover. If the aircraft carrying the Monets from Boston had crashed, if one is stolen or damaged, the G.I.S., administered by the Museums and Galleries Commission, picks up the bill.

The scheme, introduced in 1980, saved museums an estimated £2m last year and without it there would be fewer impressive exhibitions in the UK. In 1998 it covered around 127,500 items in 98 venues. There were no claims there rarely are. The Monet exhibition is its biggest risk to date.

The Monets, many of which are not protected by glass, pose special security problems. The size of some canvases, and their value, also meant that they tended to be flown over individually, which was nice for the curators at Boston who by tradition accompany a painting, even if it is in the hold.

But, with so much revenue expected from Monet – from catalogue and post card sales, from the signing up of new Friends of the RA, from merchandise – the RA can afford extra security staff. The administrators of the G.I.S., or rather the government, can sleep easy.

Antony Thornicroft



Monet's misty, shimmering Thames, his most sustained engagement with the problem of suggesting light and atmospheric mood: 'Houses of Parliament, Sunlight Effect', 1908

## Last great flourish of a serial artist

At the Royal Academy, William Packer marvels at the results of the older Monet's obsession with water and light

Monet in the 20th Century, the latest Monet blockbuster which takes us through the last 28 years of his prodigious career, has been breaking all records in Boston, and looks set to break all records here. But, as blockbusters go, it presents no daunting prospect of an overwhelming and unassailable mass of work. Rather it is clarity itself, beautifully hung in thematic sequence, room by room, as it takes us with the ageing master as he settles to his final, essential subjects.

I saw it in the late stages of its preparation, on a greyish day, and was lucky enough to find his large group of paintings of the Thames at Westminster, of the early 1890s. It only by the natural daylight that can still be one of the glories of the Academy's great galleries. I hope that advantage is not to be altogether thrown away, and the lights throughout at least kept low. If not off, until dark. But set them bright or dim, the visitor will still see his money's worth, and more. Monet had bought his country house at Giverny, in the valley of

the Seine above Rouen, in 1890, when he was 50, but it was not until 10 years later that the alterations to the house and studio were complete and the gardens he had laid out beginning to mature. But through the 1890s, with such groups as the Rouen Cathedral facades, the Poplars and the Haystacks, he had established his habit of working on a series, and had already begun to return compulsively to the image of the bridge across the lily-pond at Giverny. The pattern of practice which was to dominate his final years was well set.

The exhibition begins with paintings from 1900, of the bridge and the path between the flowerbeds towards the house, but it was to be a few years yet before Giverny would become his principal, eventually his exclusive, subject. Through the 1900s, he was regularly on the move, making particularly significant working trips to London (1901), which he already knew well, and to Venice (1908), both of them, so far as he was concerned, cities on and of the water. He loved London in winter, caught at that moment, as his old friend Whistler once put it, "when the evening mist

clothes the riverside with poetry, as with a veil, and the poor buildings lose themselves in the dim sky, and the tall chimneys become campanili, and the warehouses are palaces in the night, and the whole city hangs in the heavens..."

Monet's misty, shimmering Thames, though, was not at Battersea Reach, but at Waterloo Bridge and Westminster, seen from across the river at St Thomas's Hospital or his balcony at the Savoy, his palaces the Houses of Parliament, and his campanili the factory chimneys on the South Bank. If the eponymous "Impression: Sunrise" (1872) of the first Impressionist Exhibition, with its loose and delicately evocative handling, is an uncanny prefiguring, his Thames paintings stand as his most sustained engagement with the problem of suggesting light and atmospheric mood, as seen and felt at a distance across an expanse of water. Dreaming of Turner, remembering Whistler, he was still reworking some of them 15 years later.

Some of the Venice paintings, too, share this quality, though of sunny haze rather than dank fog,

but, with the Palazzo facades, seen across the Grand Canal, their tops lost above the frame, we find him now dropping his eyes to their reflected bases and to the nearer surface of the water, just as he had at Giverny. Had he visited Venice in the 1890s, as with Rouen Cathedral or the riverside Poplars, the towering facade against the sky would surely have been the thing. But now, with fewer and fewer digressions, the essential preoccupation is becoming clear.

Monet becomes, in short, the painter quite simply of light and water, of water as the medium of light. The surface-plane is registered by what floats upon it: the light by the reflections in the water as in a mirror, the inner space of the murky depths by whatever can be glimpsed within. There it all is in the great "Nymphs" canvases of the 1810s and '20s, reduced to the essential elements of painting: surface, space, light. The space comes nearer as the eyes dip lower, the horizon vanishing high above the picture

frame. We move into a closer pictorial space, hedged-in and ever more abstract as local features grow more generalised and indeterminate. And as Monet's eyes grow weaker, so the paintings grow larger, and the statement broader, looser.

But they do not grow any the less controlled, which is the miracle of Monet in his great old age. Speculation continues as to the exact degree of his blindness, but he painted almost until his death, at 86, in the December of 1928. And in the large, simple, masterful water-lily ponds in the final rooms at the Academy, and the vast decorative schemes at the Orangerie in Paris that occupied his last years, we see nothing weak or flaccid in the statement, for all the personal doubts and anxieties he expressed. The mark may be delicate but it is also strong, broadly suggestive in the description, but precisely judged.

In these late works most of all, we look to the mark as mark and the paint as paint, and to the all-enveloping experience of the work itself. In this we discover and experience one of the great liberating moves in 20th century painting, and it is the great para-

dox of modern painting that Monet at his most radical and influential should be so popularly accessible. It is the nicest coincidence that the Jackson Pollock retrospective comes to the Tate in March to overlap with Monet – the master of Abstraction Expressionism who survived the pioneer by a mere 30 years.

But if Monet shows what paint can do, he also reminds us, in his constant return to the motif that obsessed him, the lily-pond floating upon the translucent surface of the water, that great painting may also still be about the perceived reality and experience of the world. Nowadays we take the Impressionists for granted, scornful at once of their conceptual simplicity and the indulgent richness of their effects. Monet reminds us that to chase the chimera, seeking to fix the *petit sensation* of mundane experience, be it only the sight of murky green water, the leaves reflected in it and the pads that float upon it, is the bravest thing.

Monet in the 20th Century: The Royal Academy of Arts, Piccadilly, London W1, until April 18; sponsored by Ernst & Young.

## Television/Christopher Dunkley

## Young directors with a talent to entertain

Several questions might occur to anyone who has been watching the short films in the BBC's Best New Director competition, shown in the BBC2 series *The Talent*, which concludes this evening (11.35) and is followed tomorrow (11.15) by the judges' discussion and the announcement of the winner. For instance: given the value that so many of these two directors get out of monochrome, why do we normally see so little original work on television in black and white? Secondly, not long ago a depressingly large proportion of films in any

competition such as this would have concentrated on low life and squalor, but that has not been so this time. True, we had alcoholism in *Duck* and a repellent old man, played with wonderful loathsomeness by Tom Bell in *Spitting Distance*, but generally the tendency of young directors to take the camera and head straight for the gutter has been resisted. Does this reflect a change in society at large, or is it that

today's beginners, in an increasingly competitive business, have a shrewd idea of which side their bread is buttered? Above all, given the talent that these films have displayed – not only in direction but in writing, editing and all technical departments – and given the tedious repetitiveness of the vet and cop series which occupy so much time in mainstream television, does

it not seem a dreadful shame that BBC's admirable efforts are not extended to bring us much more individual and experimental film drama in the normal schedules? Organising these screenings and the £1,000 award is, of course, worthwhile. Better still, however, would be a scheme to continue to encourage and display the sort of work that these people have been doing as a regular exercise. Experience suggests that they are more likely to find themselves fighting for work on the fringes of the cinema industry or forced into accepting work on soap operas than to be asked to continue with the sort of material shown here.

Having served on many programme juries over the years, I am glad I don't have to make the decision this time because the standard has been consistently high. After watching 13 of the 14 contenders (I missed *Suburban Psycho*) my own shortlist, in alphabetical order, would be: *Closer*, *First It's Dark*, *Jumpers*, *Queen's Park Story*, and *Wet And Dry*. The first, *Closer*, which was unusually written and directed in partnership by

Billie Eltringham and Simon Beaufoy, shows a decidedly modern romance between a supermarket shelf-stacker and a female night security guard. Too often short films by new directors have striking moments but lack shape, and humour is scarce. *Closer* has very definite

The tendency to take the camera and head straight for the gutter has been resisted

shape, bags of humour, and looks as though it was conceived as a short film, not as notes towards something bigger. In Jon Love's *First It's Dark*, scenes from a man's life flash before us as he has a heart attack. This is one of the entries that makes strikingly effective use of monochrome sequences. *Jumpers* is a somewhat bitter comedy written by Colin Bateman and directed by Konrad Jay, about a man

with no job whose attempts to buy his daughter a cuddly toy for Christmas are stymied by a department store. He decides to jump from a window only to find himself joined on the ledge by the manager, the store's Father Christmas and, eventually, the policeman sent to talk them down.

In Barney Cokeliss's gloriously coloured *Queen's Park Story*, a student selling ice-cream in a London park falls in love with a young woman who is painting pictures of the park, and takes advice on wooing her from the animals – squirrel, pigeon, owl – who matter on like something out of Disney. Barmiest of the lot, though, is John McKay's *Wet And Dry* in which a wizened old mummy – like a shrunken version of the thing from *The Curse Of The Mummy's Tomb* – hunts desperately for any means of relieving her dryness: moisturisers from the chemist, rising damp experts from the yellow pages, and so on. She ends up with a plastic surgeon doing a version of Willson Keppel and Betty's sand dance in a crypt lit by flaming torches. Completely batty and highly entertaining.

My top three, in reverse order, would be *Wet And Dry*, *Jumpers* and *Queen's*

*Park Story*, but it will come as no great surprise if the judges opt for something else entirely. Those who switch on at 11.35 tonight will be able to see *Queen's Park Story*, *Small Deaths*, *Suburban Psycho* and *First It's Dark*. Not a vet or a policeman in sight.

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## ARTS

# Flaps, stress and tears - but the band plays on

London orchestras are overworked and underfunded: Channel 4's fly-on-the-wall series about the Philharmonia sets out to win sympathy, writes Richard Fairman

Something is afoot down in the woodshed. The leader of the first violin has had a few brushes with the world's great conductors and now he is eyeing the wood-chopper. "After a hard day with the orchestra," he says with a wicked grin, "you pretend a piece of wood is the conductor's head, and then you do this" - crunch!

Heads certainly rolled the last time cameras were allowed in to one of the country's top arts organisations. Within two years of the documentary series *The House* barely any member of the Royal Opera House's senior management was still in their job, vindicating those who believe that government-funded arts organisations should keep their heads down.

Maybe the next fly-on-the-wall arts series will be different. Tomorrow evening at 8.00pm, Channel 4 screens the first in a series of three hour-long programmes looking at life in the Philharmonia, one of London's four leading orchestras, which have been pretty well ignored while the Royal Opera House has been monopolising public attention.

A lot of the incidental events will seem familiar to those who watched *The House* - there is the statutory flap when an artist can-

cells at the last minute (Luciano Pavarotti pulling out of the Verdi Requiem) and the union meeting held during recording sessions in Paris has a similar air of brinkmanship - but the stories from the shop floor tell quite a different tale.

It has been common knowledge

**'In London, orchestral leaders aren't found growing on trees, they're found hanging from them'**

for years that the London orchestras are overworked and this series sets out to win sympathy for them by putting a human face on the problem. We see Mike the clarinetist under stress from the punishing schedule; viola-player Carol regularly driving hundreds of miles home after the evening concert to kiss her children goodnight; and another viola-player, Mike, wrestling with alcoholism and a thrombosis in his shoulder caused by the pressure from his viola. As Christopher Warren-Green, the leader of the orches-

tra, comments: "In London, leaders aren't found growing on trees, they're found hanging from them".

Maybe 10 years ago there would have been similar stories to tell, but whoever in the music business you talk to, there is agreement that life in a London orchestra has been getting progressively worse. Although none of the orchestras has actually gone under, a policy where survival is the main objective is hardly going to keep London in the running as a world-class city for the arts.

It takes an outsider to make the point hit home. Ligeti, one of the grand old men of 20th-century music, is present in Paris for the performances of his opera *Le Grand Macabre* and an interviewer corners him to talk about the Philharmonia. "It's a good orchestra then?", he asks, posing one of those questions that expects the answer yes (the voice-over has consistently plugged the "Phil" as "one of the world's great orchestras"). Ligeti scratches his head and mutters reluctantly, "Used to be", explaining how the players have become overworked.

The most pressing implication of the orchestra's excessive workload has been the slow haemorrhage of its best players. By the end of the third programme in

this series, filmed over a period of six months, we have watched the Philharmonia lose its principal clarinet, the leader of the second violins and its head of sponsorship. They are generally going off to a less stressful life elsewhere, even if that means moving to an orchestra with a lesser reputation, the BBC orchestras being a common refuge.

Unlike the Royal Opera House saga, there is no suggestion of mismanagement here. The orchestra is self-governing and the painful responsibility of having to take the hard decisions can be read across the face of every player as they learn there will no pay rise again for the year ahead (cue the tearful Adagio from Mahler's Fifth Symphony). When one player pleads in desperation for a co-principal to share his workload, the Players' Council closes ranks: balancing the books has to come first and that is not easy.

To uphold its reputation and attract audiences the Philharmonia knows it has to hire top soloists and conductors, but the fees being offered in rival European cities courtesy of German and French taxpayers are astronomically high. To underline the point, the narrator introduces us to "the much sought-after and expensive Christoph von Dohnanyi" and James Levine "proba-



Crunch time: how can London orchestras fight their way out of sweatshop corner?

bly the world's most highly-paid maestro".

It is a measure of the topsy-turvy world of orchestral financing that it often costs more to hire a world-class conductor for the evening than it does to pay the entire orchestra. Having celebrated negotiating an all-time high fee of \$125,000 for a single concert, the Philharmonia ends up losing the contract because the evening would not break even once the conductor's fee was taken into account.

The truth is that the Philharmonia's success in becoming a major fixture in Paris and Salzburg, as well as securing residen-

cies on its home turf in London, Bedford and Leicester, has been a triumph of determination and ingenuity in the face of unequal odds. Whether the management and musicians can keep up such a frantic pace of travelling and playing day after day simply to survive is the question that remains unanswered at the end of the final programme.

How can the London orchestras fight their way out of sweatshop corner? It seems unlikely they can export the British way of doing things, when their European counterparts are comfortably off with life as it is. And it is no good turning to the US for

moral support: some American orchestras have stumped up enormous sums to lure the music directors they want - look at Pittsburgh or Chicago. As for any British government offering European-style tax incentives, the prospects do not look encouraging.

One day economists may look back on this little local problem as an experiment in what happens when free-market principles try to operate in an environment dominated by foreign subsidised competitors. Come along now who wants to put their head on the block first?

## Defiant in the face of classicism

Nicholas Powell reviews two Molière productions in Paris

Written hastily in 1686 to give his troupe something to stage after *Tartuffe* had been banned, Molière's *Don Juan* has always been one of his least frequently performed plays. Long considered jerry-built by purists because it defies the unities of time and place sacred to classical French theatre, this tale of defiant atheism and ultimately soul-destroying debauchery leaps from one scene to another as carelessly as its hero moves from one skin-deep encounter to the next.

Drawing freely on a French tragic-comedy and an Italian farce, both of them inspired by the original Don Juan in *El Burlador de Sevilla* by the Spaniard Tirso de Molina, Molière's play is also one of his most derivative. All that, plus the fact Molière wrote for and acted in a close-knit troupe himself helps explain why *Don Juan* is faring so well in the hands of the 30-strong Footsbarn Travelling Theatre, a company set up 25 years ago in Cornwall and stationed since 1980 in a farm in the middle of France.

Playing at the Athénée Théâtre Louis Jouvot in Paris until February 13, its

*Don Juan* is the fruit of much improvisation by actors evidently used to working together; there are no star turns and no imprint of any one director on this production. Nor do we have any crisp classical diction: the actors' accents hail from as far apart as Cornwall, Arizona and Schleswig-Holstein. True, Don Juan himself (none of the actors' names features opposite the roles on the programme) does have difficulty getting his tongue round the trickier vowels, but the accents do not matter. Given the actors' acute sensitivity to all the ironies of the text, they even enhance the play.

The scenery is both minimal and highly atmospheric, with its black drapes, occasional lanterns and the odd prop. But it is the mass of inventive business that really fills the house, including well-performed acrobatics both on-stage and off. Musical snippets lend a strange, melancholy atmosphere to the piece, smooth over scene changes and heighten certain exchanges. The scene between the peasant couple Pierrot and Charlotte, for example, followed



Soul-destroying debauchery: members of the Footsbarn Travelling Theatre company in their inventive production of 'Don Juan'

Marc Engelhard

by the latter's bittersweet seduction by Don Juan, the pent-up hatred displayed between the two men. Elvira's pleading to the same end, which can so easily tip over into mere sentimentality, has muscle, too: Don Juan faces eternal damnation and Elvira, having forgiven the wrong he did her, deeply desires him to be saved.

From this point on, the

sins of the impenitent lecher become those of arrogant spiritual blindness and pride. His descent into hell - "It will never be said, whatever happens, that I am capable of repentance" - is played to the full, with Don Juan clutching the Commander's hand (an actor on huge stilts) in a blaze of light and tongues of flame - silk streamers are billowed

upwards by a wind machine. The Comédie Française, of course, started out as Molière's theatre, and he died only hours after starring in *Le Malade Imaginaire* on an armchair now proudly preserved in a glass case. His *George Dandin*, originally performed as part of a Royal celebration at Louis XIV's Versailles court amid ballets and fireworks

displays, is running until February 28 at the Théâtre du Vieux-Colombier, the Left Bank house used by the Comédie Française.

Directed by Catherine Hiegel, an actress with the troupe, in a classically correct yet highly original way, this production is also a delight. Cuckolding, social climbing, the deceitfulness of women, the heartless

snobbery of an impoverished aristocracy are all elements which rub together to generate the drama. A *nouveau riche* farmer, Dandin, has acquired a title and the hand of the daughter of the noble Sotenville by buying off their debts. They in turn despise him for his social lowliness, while his foxy wife is wooed by a repulsive courtier.

Realising he has made an appalling mistake, Dandin schemes how best to prove his wife's faithfulness to his parents-in-law in and obtain a separation. The leave-taking turns only to leave poor Dandin the victim, outwitted by his wife's lies and confounded by her parents' snobbish stupidity, he has no choice, finally, but to accept his cuckold's horns.

Presumably, by the standards of a 17th century court as contemptuous of all lower classes as it was well-versed in adultery, such goings-on were necessarily comic. Hiegel, however, without defusing the comedy, instills a bitter taste. Dandin (Bruno Putzulu) immediately attracts our sympathy - too much, perhaps - while the shrewish Angélique (Anne Kessler), provokes too little, even given the attenuating circumstances of her arranged and loveless marriage. Delightful figures of ridicule, the Sotenvilles totter across planks laid across the mud in front of Dandin's house (a beautifully designed set, all in red bricks and resembling a Vermeer painting), trying desperately not to fall in. Dandin throughout is literally up to his ankles in it, and by the end, the play becomes almost unbearably sad. Had anyone felt a touch blue at Versailles, there would always have been the fireworks to look forward to.

BC-bashers take note: there is still something right about an organisation that can produce *Visions: the Music of Olivier Messiaen and Blue Jam* in the same week.

The former was Radio 3's celebration of the late composer, broadcast from various London venues in

## Surreal sketches probe the intellectual armpit

Radio/Martin Hoyle

one of the BBC's now legendary weekends devoted to a single figure. Without trespassing on my music colleagues' territory, I can

only admit to finding it the sort of enterprise the corporation does well, a justification of the licence fee and of Reithism.

*Blue Jam* is another matter. A surreal hour after midnight on Radio 1, served up by the perpetual enfant terrible Chris Morris, it has the logic of a black, sexually explicit Lewis Carroll. Faintly hallucinatory ambient music links

monologues and sketches that probe the intellectual armpit. A woman fantasises about her husband coming home after being gang-raped "by street pools": she is soon eagerly "aching for a fuck". Another item dealt with a menacing phone-call. "I've murdered your daughter, Mr Barfield... I strangled her and I enjoyed it... I'm evil, Mr Barfield." The caller is mocked for not being as wicked as his famously sadistic father, and eventually sulkily agrees to help retrieve the corpse from the grave pit.

If much of the material seems calculated to *épater les bourgeois*, some of it is very funny. Morris's deadpan way of applying the banal tones of vox pop and documentary to outrageous premises pays off, as in the parents trying to get their children into an over-subscribed school by rubbishing the other applicants. They report a rival three-year-old for "incinerating a live crow" - or it may have been a squirrel. "I think he drives a car as well." They get their

friends' children drunk, put them in obscenely-inscribed T-shirts, teach them such slogans as "more porn now". *Blue Jam* often slips past the acceptable into the flatly distasteful. But it has a weird flavour all of its own: the everyday mundane turning to nightmare.

*Brasserie* meets *Strawpeter* for the new millennium: the big bad scissorman lurking round the corner today is armed with a chainsaw.

*Blue Jam* featured fleetingly in *FOR - The Future of Radio* in Friday night's experimental slot on Radio 4. Producer Piers Plowright gave us a sound kaleidoscope: snatches of drama, news, sports commentary, music and applause framing unidentified but identifiable voices of the great and good opening away. Maureen Lipman reminisced about Radio Luxembourg, Peter Hall recalled Tommy Handley, *Saturday Night Theatre* and "the wonder of the Third Programme". An

adenoidal young woman advocated smashing the formulaic in favour of being "weird and wacky". Chris Evans said "The future of television is radio". A zonked-out Scouse accent declared there would be no need for radio if we had a chip in the head and all we had to do was think to get a station. Peter Hall had a warning: "Make sure you're not obsessed by what you think the audience wants." Excellent advice. Take it to heart, Birt, Boyle *et al* *sem*.

Companionship of various sorts dominated Radio 4's airwaves last week. *Spoken Car* was inspired by American Alexandra Sellers' book on teaching yourself cat language. Intended as spoof but amazing its author by being taken seriously.

The same thing seemed to have happened to Monday's programme which appeared uncertain as to whether it was meant to be funny or not: so deadpan as to be blank, a characteristic not unknown among the feline species. The singer Lynsey de Paul counted 17 different sounds in one of her cat's exclamations - "Hamlet's soliloquy" - while an American therapist, trying out feline grammar from the Sellers book, was bitten by her hitherto placid pet.

Friday's *Little and Large* was about anorexic Kerry ("hovering under five stone but I think I look 30 stone") and compulsive eater Tina. They had met through the Eating Disorders Club and are fast friends, sharing little triumphs of eating control. Teresa Watt's production was marred only by an excess of real life noise, the sort of background that swamps *radio certis*. Gentler and more profound was the companionship in Radio 4's morning serial, *Iris*, John Bayley's coming to terms with the illness - Alzheimer's - of his wife, Dame Iris Murdoch. What a falling-off was there; but what a coming together and what an understanding.

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# How to Spend It



□ From left to right: Lacroix's dance hall girl in tulle and polka dots; Givenchy's grey day dress cinched tight by a leather corset; Givenchy's wine satin skirt with sequined diamond top, fit for a 1930s starlet; Valentino's crystal embroidered bandeau under a silk column; Chanel's white satin silver sequined evening dress; Gaultier's simplified line in a beaded gown. Montage: Michele Magna. Photography: Chris Moore

At the best couture shows this week, the message was less Parisian than plain: Little is Big. After seasons where showmanship and theatre for smoke and mirrors, depending on how you looked at it, battled it out with simplicity, the jury has come in. Simple has won.

Shoulders are getting smaller, sleeves tighter, skirts narrower. The drama of outfits is now found in the details rather than the decoration. Fabric is more important than frills. And the shows themselves are shrinking, in both size and spectacle.

Brands and branding may be the watchwords du jour, but customers are in search of the anti-brand: the item that is individual, exclusive and tactile – the essence of couture. By definition, couture is singular: something untouched by machine and made for one person alone.

Unlike software, handbags or sweatshirts, a couture piece is impossible to replicate. This used to make it near impossible to wear in everyday life – it was too precious, too elaborate – but now things are changing. The apotheosis of this

transformation was Dior. Last season John Galiano became the new synonym for excess with his own bonfire of the vanities, the "Dis-orient Express". This season he was the embodiment of restraint. His show was held in the Grand Halle of the boutique on Avenue Montaigne in front of only 70 people at a time.

Seemingly aware of his surreal about-face, Galiano created an homage to Coco and Dali, complete with jewelled eye-closings on jackets and lobsters on shoulders. There were his famous bias-cut dresses, cascading into tiers of rose-embroidered chiffon or dangle from diamond watch straps, but they came second to the expertly cut pants suits and back-buttoned tuxedos a woman could actually envisage wearing.

Similar understatement was apparent at Gaultier,

who seems to be maturing in dog years – every turn of the season his work gets seven times better. His show was held in the Italian Consulate, to the sotto voce accompaniment of an announcer intoning the number, name and description of each outfit.

There was nothing to detract from the clothes themselves: a series of refined "smoking dresses", followed by a group of Madame Gres-in-the-Serengeti draped jersey sheaths, followed by a finale of Spanish-inspired evening gowns finished à la flamenco.

The designer has been called the true heir to Yves Saint Laurent, and this collection was a convincing argument for his inheritance. Still, the ex-host of "Eurotrash" has fun – showing an Audrey Hepburn sheath with a sly triangle of slits in the bikini region, for instance.

There were no such winking gimmicks at Chanel, where Karl Lagerfeld sent out bouquets of tweed suits and gossamer-light sequined chiffon 1930s gowns. There wasn't a dark colour or bugle bead in sight, and

**The detail was all the more alluring because it was subtle**

the jackets hugged the arms and shoulders like a glove. Paired with liquid skirts (better than the liquid pants which narrowed at the ankle and created an unfortunate thunder-thighs-in-the-harem effect) they did not shout "Chanel" in an obvious way. Subtlety, too, was seen at Valentino, who stayed his sometimes heavy-headed hand to impressive effect. The simplest of white gabardine suits would, with a swish of the leg, part to reveal the hidden surprise of embroidery on the inside of a skirt; a black car coat would open to reveal ivory and coral blocks; and the plainest of long crepe columns, with only a hint of beading at the neck, would turn to expose more of the same beading on the back, topping a long elegant column of pleats.

The detail was all the more powerful and alluring because it was subtle – perfect for the ladies (Marie-Chantal Miller, Rosario Saxe Coburg, Nan Kempner) who speckled the front row like so many seed pearls. But the tug-of-fabric which gave Gaultier and Chanel their depth was missing here, though it was very much evident in the collections of Josephus Thimister and Givenchy.

Thimister eschewed adornment in favour of elaborate fabric treatments, using only the most basic shapes to display his creations: latex interchangeable with chiffon, painted and lacquered gauze, even red wax-covered muslin. These were engaging, sometimes startling, but the most effective garments were evening dresses like one which combined an army green satin camisole with a full ball gown skirt actually made from the parachute silk of two military raincoats.

Unsurprisingly, unfortunately perhaps, the designer isn't financed by a bureaucracy, conglomerate or perfume; the budgetary constraints show. By contrast LVMH-backed Alexander McQueen's fifth collection for the house of Burberry was the most theatrical collection of this week. But while the clothes were elaborately plotted, the set was bare-bones: the floor of the Grand Halle at La Villette. There, McQueen created a "French village", with each model a different member of the town, literally demonstrating how every couture ensemble is a discrete idea.

Thus there was the "ribbon maker", in a suit woven from 1,000 metres of multicoloured silk, the "maid" in black tulle with an ostrich feather duster, and the "jester" in a sequined diamond catsuit. But the best clothes were the plainest, particularly the hard-soft clash of grey day dresses nipped in by delicately tooled leather corsets and a black tuxedo covered in 800,000 sequins with a Mao collar mutating into the suggestion of lapels, then

melting back into the fabric of the jacket.

By comparison, the more ornately bejewelled outfits looked heavy and old-fashioned – sometimes consciously so, as in a trio of elaborate Victorian ball gowns which opened in the front to reveal leather motorcycle pants. This was the day dress/corset idea taken to the extreme, and it will probably filter down to the ready-to-wear in March, but there's nothing subtle about it. When little is big, big is little.

Indeed, the shows that went for the big effects of the last few years looked dated. Ungaro, for example, did his usual feminine take on the Provencal gypsy princess, with light-as-air floral chiffons awash in diamond dewdrops and hucious lacy blouses that seemed to float around the shoulders – awfully pretty, as always,

but familiar. Likewise Christian Lacroix seemed once again to have let Toulouse-Lautrec loose in his atelier, with fabulously coloured but meringue-frothy results. There is a client for these clothes (she was in the audience, and she gave Lacroix a standing ovation), but she isn't new.

Even Saint Laurent seemed to pay homage to his past rather than push his future, sending out faultlessly cut trouser suits and an ultra-elegant silk crepe wrap dress. He does it better than anyone else, but he's done it all before – many times.

And then there was Versace. In the usual venue the swimming pool of the Ritz, covered over with neon yellow glass tiles, with the usual assortment of big stars and the usual big soundtrack, came the usual, aggressive glam rock

clothes, from ultra-mini dresses to skin-tight leather suits. There were some innovations, particularly in the use of fabric such as banana fibre and adornment such as bristling glassine porcupine quills, but ultimately it was unsurprising.

Perhaps it was too much to expect Donatella Versace, whose motto is Big is Always Better, to have come around. But now she is edging her couture dangerously close to the territory of her ready-to-wear, that of the brand. In many cases the clothes seemed more like off-the-peg than couture; sides gaped, and quills fell off right and left – as they might from an unhealthy porcupine.

Coincidentally, the night of the Versace show was also the opening of a Tom Sachs exhibition at the Galerie Thaddaeus Ropac called "Creativity is the Enemy". Featuring a McDonald's Value Meal made from Hermès shopping bags, and a Fendi Handaxe, among other works, the show offered up a wickily caustic commentary on the deadening effect of the brand. Sachs isn't featuring Medusa heads yet, but the Versaces might do well to swing by.

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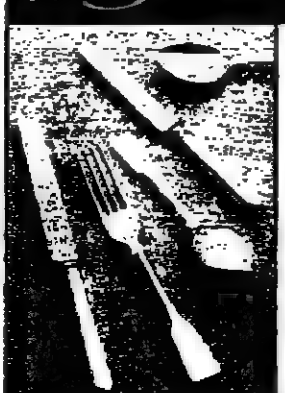
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## FOOD AND DRINK

Cookery / Philippa Davenport

## Forget feathers, it's time for fur

**B**eing a traditional cook, I tend to adhere to the old adage about serving feathered game in the lead-up to Christmas and furred game afterwards.

For me, this is the season for feasting on venison. When I was growing up, it used to be wild red deer from Scotland, regularly sent south by train by kind friends after careful hanging, strong meat, sometimes tough, but always full of flavour.

The farmed and perked deer now stocked by growing numbers of supermarkets and butchers is, as Ronald Eden points out in his gem of a book, *The Sporting Epicure* (Kyle Cathie), "a very different animal from the wild fallow deer of English forests or the red deer of Scottish hills."

"Wild deer may be as much as 10 years old, in need of marinating and long slow cooking to tenderise it. Farmed deer is invariably killed young. Do not make

the mistake of marinating young meat, for what is gained in tenderness is lost in flavour.

"Much pleasure in food has been lost in the craze for youth and tenderness. The latter should be sought but flavour is often sacrificed in that search. This warning is pertinent. Much venison now sold in our shops tastes more like beef than venison. Not only is it young but it seems, virtually speaking, to be unhung. If subjected to a marinade, the venison flavour is dissipated further." Yet many cooks persist in marinating any venison that comes into the kitchen, following recipes handed down from earlier generations without adjustment to take into account the provenance of the meat they are cooking.

Eden is equally thought-provoking on the subject of fat. "As with undue caution on tenderness, so can there be too much regard for leanness. Wild deer that have lived well may have

layers of exterior fat.

"As it is cooked the flavour of the meat will be improved by that fat. The flesh of deer from farm or park, though ostensibly free from fat will, because of the idle life the animal has led in contrast to the wild kinsman, be suffused with fat that is not readily visible. Fatness and leanness can be misleading terms."

The recipe that follows is a good one for a fork supper party, the sort of informal entertaining that seems to me just right for this time of year. Everything can be - indeed must be - prepared ahead, to bake-off when needed. Or, as I discovered when I last cooked it, the dish can be completely cooked a few days in advance, frozen and reheated for serving.

I suggest a salad of chicory, watercress and corn salad afterwards, with good breads, cheeses, jugs of celery and baskets of walnuts to crack; then a fine apple tart and cream.

## Venison under a roof (serves 8-10)

I have assumed here that you will be using farmed or parkland venison, which is in need of flavourous additions.

Shoulder is a good cut. Buy it from the butcher in a slab and cut it into generous 1½-inch thick chunks. Stewing venison, whether sold loose or pre-packed, is nearly always diced too small to be appetising. It looks mean, and the smaller the pieces, the more the flavour is liable to leech out into the gravy.

If you have access to wild and not so juvenile venison, hang it well, marinate it in red wine vinegar and port for a couple of days before cooking, and extend the initial cooking time by an extra hour or two, or more as necessary. Add the extra only when the meat begins to tenderise or they will have collapsed to a mush by the time the venison is done.

Quantities: 1.75kg shoulder of venison (trimmed weight); 400g small shallots or button onions; 300g prunes; 500g small chestnuts; 150g to 200g very thick cut streaky bacon; the zest and juice of 2 oranges; a generous bunch of thyme; 1½ teaspoons coarsely ground fennel seed; 2-3 lemons finely chopped or grated ginger; well seasoned flour; a little dripping or melted bacon fat or olive or other vegetable oil; 150ml port; 200ml red wine vinegar; 1 litre beef stock (or canned consommé).

For the stuffing: 450g semolina; 1.8 litres semi-skimmed milk; 50g butter; 2 bay leaves; 125g Parmigiano cheese; 2 eggs.

Cut the venison into generous 1½-inch chunks. Dust them in well seasoned flour, a small batch at a time, and fry in a smidgeon of hot fat or oil until coloured all over.

Transfer to a large flameproof casserole. Dice the bacon quite

small, fry it briefly and add it to the casserole, along with the zest and juice of the oranges, the thyme leaves, fennel, ginger, some salt and black pepper.

Fry the mushrooms in the fat that remains in the pan, adding a little extra fat if necessary, and reserve on a plate.

Deglaze the pan with the port and wine vinegar, letting the mixture boil up vigorously. Pour it into the casserole, and add about two-thirds of the stock, which should be boiling hot.

Stir to mix well and bring slowly to simmering point. Lay a circle of greaseproof paper directly on top of the ingredients, cover tightly and transfer to the oven. Cook at 150°C (300°F) gas mark 2 for 2 hours. Reduce the temperature to 125°C (250°F) gas mark 1 and continue cooking until the meat is good and tender, maybe a further hour or more.

Drop the frozen chestnuts into a pan of boiling water and boil for 4-5 minutes to defrost and part-cook them. Drain well. Sauté the shallots in a little fat to brown the surface richly here and there, and begin to soften the centres.

Soak the prunes in the remaining (cold) stock. When the venison is done to your liking, stir these three items into the stew, cover again and set aside overnight.

The stuffing, like the venison,

needs to be started a day ahead. Scald the milk with the bay leaves. Add the semolina in a steady stream, stirring vigorously all the while. Season with at least a teaspoon salt and cook over a very low flame, beating continuously, for 5 minutes or so until very thick and smooth. Away from the heat, beat in 25g butter, plenty of pepper, 100g freshly grated Parmigiano, and the lightly beaten eggs. In that order. Turn the mixture into greased Swiss roll tins or similar, spreading it evenly 1cm deep. Leave uncovered in a cool place overnight.

Next day, reheat the venison gently on top of the stove, check and adjust seasoning - lemon juice can be a valuable adjunct here. Divide the venison mixture between two large, shallow dishes (use Le Creuset buffet casseroles but family-size gratin or lasagne dishes would do just as well), adding the mushrooms here and there, and holding back a ladle or two of the gravy. Cover the dishes and put them into the oven at 180°C (325°F) gas mark 3 for 30 minutes.

Turn the slabs of roofing material (now set firm) on to the work surface and cut into squares or triangles. Lay them, overlapping like tiles, over the venison dish with the remaining 25g butter and sprinkle with the remaining 25g grated Parmigiano.

Return the dishes to the oven and bake for a further 40 to 60 minutes until the roofing is golden brown and crisp and the gravy is bubbling gently at the edges of the dishes.

Swap the shelf positions of the dishes halfway through to encourage even cooking, and slip the dishes under the grill at the end if necessary to enrich the colour and crispness of the roofing.

Heat the reserved gravy and hand it around in a sauceboat. It may not be needed but a lot of evaporation can take place during baking, leaving the venison in a much reduced sauce.

lies like the Esterházy or by Jewish merchants. The latter chiefly perished in Nazi camps, the landlords fled at the Russian approach. Now French insurance companies seem to have taken their places.

We tasted Royal Tokay's one 1980, then the 1981s and 1983s. The best of the 1981s I found to be Nyula's (although I wouldn't sneeze at the St Tamás), which has the advantage of being ready to drink now. The 1983s need more time. St Tamás seemed to win by a neck here, but the Nyula's was also delicious.

Another wine which elicited gasps from the table was the Aszú Essencia, more than 300 grammes per litre sugar and needing decades to bring it round. Come to think of it, that is probably true of Hungary too, but in the meantime, Royal Tokay has made a wonderful start.

## Aussie who speaks for British restaurateurs

Nicholas Lander meets Melbourne-born Ian McKerracher

**F**or the past two decades an influx of Australians has been filling positions in British restaurants as managers, waiting staff and sommeliers. With the appointment of Melbourne-born Ian McKerracher as chief executive of the Restaurant Association, which represents more than 2,500 British restaurateurs, this invasion seems complete.

McKerracher comes to the job with the right credentials - to start with, he eats with gusto. Over lunch he smelt the bread before eating it (always, I was once told by a top baker, the right way to judge bread) and tucked his napkin firmly into his collar before trying a confit of hare.

"My love affair with food and wine started as a barman at the Two Faces in Melbourne 25 years ago. It was then the restaurant in Australia with Herbert Schneider cooking and Anders Ousback as maître d'.

"Anders would keep a small drop from the bottles he had served and at the end of every evening we would have a blind tasting. I made a fool of myself most nights but I learnt quickly."

In 1982 McKerracher came to Britain, from which his grandfather had emigrated, and began a series of jobs, initially running a wine shop and then becoming an inspector for Egon Ronay Guides, a stint which included a survey of all the country's motorway service stations. In 1986 McKerracher met chef Marco Pierre White and went to work at Harvey's in Wandsworth, south Lon-

don. "White was then cooking the most exciting food in the country," McKerracher explained, "and I still think he is one of the most naturally talented chefs I have ever met. But after three months I could not stand the tension, the volatility. It made me ill."

Once recovered, McKerracher set out on behalf of the AA, the British motoring association, to report on all the two- and three-star Michelin restaurants in

**'I got the worst food poisoning ever but there was no way I could turn back'**

Europe. This trip proved memorable - but for the wrong reasons. "We planned the trip in two legs and had booked every top restaurant months in advance. A few days into the second leg I got the worst food poisoning I have ever had but there was no way I could turn back. I was driving, stopping every 30 minutes and then going to eat in restaurants I had always dreamt of but now simply could not enjoy."

McKerracher returned to restaurant management, initially most successfully with Antony Worrall Thompson at 190 Queensgate, then less so at B Square in Battersea. "We were so confident," he confessed, "that we thought we could overcome a

lousy site. We couldn't. And the final straw came when one lunchtime a bath overflowed from the flat above and the ceiling fell in on a table of 14 including several journalists. It was the wrong sort of publicity and the signal for me to quit."

McKerracher was about to return to Australia when this job materialised. "I jumped at it," he said excitedly, "not just because it is a business I love but because the timing was right. Restaurants are thriving and an integral part of the British way of life which they have never been before."

British restaurateurs have to change and respond accordingly, McKerracher believes, but whether he, or anyone, can coerce them into a unified body is questionable. Restaurateurs are invariably preoccupied with daily pressures and are often too hard-pressed to ponder the industry's long-term, structural challenges and problems.

McKerracher's first steps have been in the right direction. He has changed the name from the cumbersome Restaurant Association of Great Britain, with its clubby overtones, to the simpler Restaurant Association. He is beginning to redefine its priorities to make it more relevant and attractive to the big players in the market, such as Whitbread, the brewer, which now owns 880 restaurants. His ultimate goal is to turn it into an effective lobbying group fulfilling the same role for its members and their customers as the successful National Restaurant Association of America.

"Running a restaurant today is

not the simple operation it once was. Nor, from a customer perspective, are the issues simply food, wine and service. Short-term I am concentrating on six main areas but only one of them, the impact of the European working time directive, affects restaurateurs alone.

"The others, sensitive areas of service charges and smoking in restaurants, Britain's anachronistic licensing laws, the increasing use of genetically modified food and the need for more highly trained staff, are all of equal importance to restaurateurs and diners."

McKerracher is negotiating with the Department of Health to secure a voluntary agreement restricting smoking in certain areas of restaurants rather than an outright ban, which he believes would lead to substantial restaurant closures.

He is also strongly in favour of his association accepting and implementing the government's proposed minimum wage. This is despite the fact that it would mean a continuation of the questionable practice of restaurants automatically adding an "optional" service charge to the bill. Together with the Hospitality Training Foundation McKerracher is also instigating a new training scheme, Modern Restaurant Apprenticeships, to attract, train and retain young chefs.

Come what may, McKerracher knows when he will have had enough of his job, confessing: "When I smell a wonderful dish and no longer consider that this job is Paradise I will know it is time to stop."

Tokay / Giles MacDonogh

## The king of wines and wine of kings

## Tokay wine stockists

- Barry Bros & Fuld (tel: 0171-396 0000)
- Corney & Barrow (0171-251 4881)
- Hugh Johnson Collection (0171-491 4912)
- Janssens & Brookes (0171-483 8721)
- Lee & Sandeman (and branches) (0171-308 4787)
- Paul Wines (0171-422 0445)
- André Simon (and branches) (0171-490 9144)
- Tanners (01743-234500)

Prices range from £15 for the blue label to £29 for the 1988 Aszú Essencia (Barry Bros).

grapes of Bordeaux, and therefore no stranger to the mists and moods which go to produce the world's greatest sweet wines. They formed a venture which was to become the Royal Tokay Wine Company we know today.

It is inspiring to see Johnson and Vinding-Diers in Tokay during the harvest. I had dinner with them at Lebu, a restaurant on the River Bodrog. After the plates were cleared, Johnson began to explain the effects of the mists which rise from the Tisza and Bodrog rivers and which provoked the development of botrytis cinerea - or "noble rot" - in

the grapes on the nearby hills. With a few pen strokes he designated the first and second growths on a couple of paper napkins. Then, by plucking them in the appropriate places, he created an instant relief map of the region.

This pursuit of historical excellence is important to Johnson and Vinding-Diers. They were the first to revive the old "cru" system of Tokay which dated back to 1700. Since the winding up of the Kombinat, they have pieced together an estate of some 150 acres by buying up small chunks of what was and is the best land in the region: Mézes Mály, which

used to be retained for the emperors' private use; the first-growth Nyula'sz, St Tamás and Betsék; and the second-growth Birsalma's. They also buy in raisin-like Aszú grapes from the locals who bring round samples to their offices in the old trading town of Mád.

Inspiring though that meeting may have been, the 1998 vintage was rather less enchanting. Unrelenting rain and insufficient spraying against grey rot had meant there were precious few Aszú grapes around to make the sort of Tokay required for Royal Tokay. Unlike the other firms which make up the "Tokay Renaissance",

Royal Tokay spurns dry and semi-sweet styles to concentrate on the luscious wines which made the region famous.

The next day we went out into the vineyards to inspect the remaining grapes on the vines. The crop was going to be small. Down in the cellars Royal Tokay's winemaker dismissed a local woman who had brought him samples, telling us they were of the "third quality" and therefore unacceptable.

The high point of the day was a tasting in Royal Tokay's glorious old cellars. Before the last war these vaulted galleries were owned either by great magnate fam-

Nearly a decade after the demise of the communist-controlled eastern bloc, it is still a shock to see to what degree basic crafts and the respect for quality produce disappeared in those 40 years.

Now the big guns of western capitalism have arrived in the Russians' heels and have filled the vacuum with their own brand of shoddiness. There seems to be little hope of a speedy revival of that creative talent which once made Poland, Bohemia and Hungary, at least, important eastern outposts of European culture.

There are a few exceptions. During communist times the states kept a few specialities alive in order to gain a little western currency: generally crystal or

porcelain was produced. In Hungary there was also tokay, "the king of wines and wine of kings", a nobly sweet wine which had once been a sine qua non at the northern courts.

Hungarian wine was not included in the Comecon internal bartering system, but Russia rather than the west was the major customer when it came to tokay. As the Russian tooth was sweet, and Russian's fondness for strong drink legendary, the state-owned Bor Kombinat, or wine co-operative, rapidly learned how to take the shortest cuts. Instead of relying on the natural sweetness of the shrivelled Aszú plus berries, beet-sugar was added. The wine was then topped up

with alcohol before it was dispatched to its over-thirsty admirers across the Carpathians.

Possibly as little as 10 per cent was properly made. Some of this was retained for important party members in Hungary itself, the rest went west, where it was generally possible to get the best tokay during the long communist years. For ordinary Hungarians, however, Aszú had become a byword for naughtiness.

After 1989 the Tokay Hills attracted a certain amount of interest from foreign investors. The Kombinat had owned only 80 per cent of the tokay production, and there was a handful of small growers, such as István Szepesy, who had continued to make his tokay the old way. One of the curious outsiders was the wine authority Hugh Johnson, who, knowing what tokay had been in the past, was anxious to see if it could have a future.

Even before the curtain was breached, he had enlisted winemaker Peter Vinding-Diers. Vinding-Diers was a Danish nobleman long domiciled in the southern

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## MOTORING

Road test / Multi-purpose vehicles

# Maids of all work could be start of something big

Stuart Marshall sees 'vans with windows' develop beyond their origins

Very practical people, the French. For years they have offered financially hard-pressed buyers vehicles combining the

carrying capacity of very large estate cars with the running costs of small family hatchbacks. How did they do it? Simple. The vehicles were light vans with windows; the best-known were those based on the Citroën Deux Chevaux and Renault 4 and, more recently, their successors.

They sold very well in mainland Europe but the only ones seen in Britain were well-used unofficial imports with left-hand steering and "La Poste" starting to show through the respray. The manufacturers had reasoned that even cash-strapped British customers probably wanted something grander than a van with windows for personal transport. But Citroën, always ready to have a go, decided last year to see if Britons would buy the Multispace, an inexpensive multi-purpose vehicle based on its Berlingo light delivery van.

Mind you, there is nothing stark about the UK specification Multispace. Compared with the more basic versions sold across the Channel, it is quite luxurious. It has power steering, a 90-horsepower, 1.8-litre petrol engine and car-standard interior trim.

The load space, reached by a tailgate the size of a small barn door, is roomier than that of Citroën's largest estate car, the XM. And the entire top of the Multispace is taken up by a huge, power-operated fabric sun-roof. Up to five adults have more space than they would in a large executive saloon and there is still plenty of room for luggage. Performance is surprisingly brisk, han-

dling not in the least floppy and a sensible driver can reckon on at least 33 mpg (8.5/100km). All this makes the Multispace a keen buy at £11,655.

Now Volkswagen has got into the act with a baby multi-purpose vehicle for the relatively penniless based on its Caddy light commercial. Its origins are even plainer for all to see than they are in the Citroën Multispace. From the windscreen forward it is very similar to a VW Polo. Rearwards, it is what is known in the trade as a high cube van, with two large windows on each side.

The Caddy Kombi may look less than elegant in profile but its carrying capacity is immense. Its load space is so tall it would be ideal for converting into a wheelchair-accessible car. Volkswagen suggests it would serve well as a carrier of mountain bikes, tall plants and show dogs. I thought it was almost lofty enough to take a Shetland pony.

The high cube shape gives it twice the luggage capacity, rear seats folded, of a Polo estate car and almost as much as a VW Sharan, Ford Galaxy or Seat Alhambra people mover with the second and third rows of seats removed.

Passenger headroom is literally unlimited, front and back. Access to the rear seats is not as awkward as it normally is in a two-door car because the Caddy Kombi is so high. Once aboard, rear passengers find it seems as spacious as a minibus. Unlike the Citroën Multispace, the Caddy Kombi has no tailgate but asymmetric, vertically hinged, van-type rear doors. The larger of the two doors has a screenwiper and both are electrically controlled.

Two engines are offered - a petrol

1.8-litre, 75 horsepower and a 1.9-litre, 64 horsepower diesel. The diesel, which is turbocharged, is less vigorous than the petrol engine but wins at the pump, with an average 42.2mpg (1/100km) against 34.4 mpg (8.2/100km). The petrol-engined Caddy Kombi I tested performed adequately and was little different from a Polo to drive.

Because it cope with loads of up to 625kg, its suspension feels quite firm on running light but

just as the Berlingo Multispace has for Citroën. In France, the Multispace and the Kangoo, its Renault equivalent, are popular with tradesmen who use them as load-carrying vans during the week and family cars at the weekend.

In Britain, the Multispace and Caddy Kombi are more likely to be bought as second cars. They will be made of all work, carrying things too bulky to go into the family's main car and putting up with the maltreatment that goes with active lifestyles.

Renault has not so far entered this UK niche with the Kangoo, although it is a class leader on mainland Europe. There, its sliding passenger door on the right-hand side is a great plus. But here in Britain, it would decant passengers into the road, not on to the pavement. Renault is looking at the economics of installing the door on the left hand side. If the sums add up, the Kangoo could go on sale in Britain, perhaps by next year.

Years ago, we had two Renaults in the family. We loved them for their sheer practicality, comfort and economy. They were designed over 40 years ago and hence would seem unacceptably crude today.

But the Caddy Kombi and Berlingo Multispace and, I have no doubt, the Renault Kangoo, are every bit as practical as a Renault 4, just as comfortable, have better primary and secondary safety and are even roomier inside. If diesel-powered - and a diesel Multispace is not yet available in Britain - they are at least as economical.

Caddy Kombi and Berlingo Multispace could, one feels, be at the start of something big in Britain.

**In Britain, the Multispace and Caddy Kombi are more likely to be bought as second cars**

the motor put in the Kombi, the better idea. Gearing is fairly low, which lets it flexibly around town. On the motorway, it holds 70-75mph (120kmph) easily.

On-road prices start at £11,350 (petrol) and £11,233.25 (diesel). AVer's airbag, housed in the tilt-adjustable steering wheel, and a four-speaker radio/cassette are part of the package. Build quality is up to VW's standards.

A number of extras are available, including anti-lock brakes, electric windows and even air conditioning. Volkswagen, the Caddy Kombi is filling a new UK market niche.

Volkswagen's Caddy Kombi. Not beautiful, but cars do not come much more practical than this. Volkswagen suggests it would serve well as a carrier of mountain bikes, tall plants and show dogs. Its high cube shape gives it twice the luggage capacity, rear seats folded, of a Polo estate



## Russia's wheels of misfortune

Farrol Kahn visits the only motor museum in the former Soviet Union and finds some echoes of the fat days of Kremlin power

When I heard that the only motor museum in the former Soviet Union was in Riga, the Latvian capital, I was not surprised. Russia's first car factory, the Russo-Baltic, was built there in 1906.

I expected to find the car collection housed in a Stalinist mausoleum. Instead, the building resembled a modern car showroom with a huge radiator grille as its facade. Victor Kulberg, founder of the Antique Automobile Club, initiated the idea in 1985. The goal was to collect and restore vintage cars, motorcycles and bicycles. Today, the museum's many exhibits are displayed on two floors above the restoration workshops.

Edvins Liepins, the current director, added another category to the collection - racing cars. But the museum's outstanding feature consists of the vehicles of former Soviet leaders bought for a pittance from the Kremlin garage. Stalin, Khrushchev, and Brezhnev are represented by their wheels, and Lifelike wax models.

Stalin sits at the back of his armoured 1949 ZIS, his boots on a foot-rest, protected by 2½-inch thick windows and steel plates across the sides. When each door was closed he drew a chain across to lock it. The car sports a chrome grille, three headlights, one in the middle of the radiator, a radio aerial above the windscreen and a Soviet

insignia on the bonnet - a red flash with a silver star.

A flaw in the secret service protection system was that in spite of its 140 horsepower engine, the ZIS had poor acceleration and could be easily outrun in a car chase because of its seven-tonne weight.

"When the car was exhibited in Germany," said Liepins, "I had to share my room with Stalin's wax head. It was an eerie experience as he looked so real and I could even see the freckles on his face."

Brezhnev, who liked collecting and driving fast cars, sits in his 1963 Rolls-Royce Silver Shadow, a gift from President Richard Nixon. The car has been retained with the damage it suffered in a collision with a mammoth truck.

The former Soviet leader - and his elegant machine - emerged almost unscathed from the accident. There were a couple of cracks in the passenger window and slightly bent steering wheel. The front end took the greatest impact and the engine appears under the crushed bonnet.

A waxwork Khrushchev stands next to a 1965 ZIL, with its four headlights, panorama windscreen and V8 engine. To complete the political collection is the 1987 Rolls-Royce Phantom, a car bought by the Soviet Union during the German war and presented to Khrushchev by the British.

The only car that is missing from this amazing collection is Lenin's Rolls-Royce," says To

Kroon, vice-president of International Hotels. "In this of model the two ZIS of the signals are red and not black. It's in his museum in Moscow."

After trophy car that the jet army brought back after the war was Khrushchev's 1958 Cadillac Super Wildcat. It was a French-made car with a Detroit chassis.

Restoration is carried out on site and the

engines and the speed they could achieve, these machines were about 20 years behind equivalent cars built in the west.

German cars are another strength of the collection and include the only veteran car, a 1914 Hansa. This is a two-seater with exposed suspension and two carbide headlights.

The gas generating block for the lights is on the left running board, while on the right you find the reserve

manoeuvring. Its 80 brake horsepower engine produced speeds of up to 90mph. It is one of only 400 to be built.

For devotees of the classic Karman Ghia marque, which made such an impact with its hardtop coupé design in the 1950s, the 1958 Adler two-litre TV will be of great interest. The upper part of this sleek and uncommon car is produced by the company, while the chassis and engine are from the Adler works.

There are four good examples of Horch, three from 1929 and one from 1936, an 853. Of these, two are coupés and the saloon, an 830 from a private owner, is for sale at \$100,000. This could be a bargain as the museum values its 1936 model at \$200,000 or more. The 1939 Opel Admiral is an open-top, with the body made in the famous Glaser Coachworks.

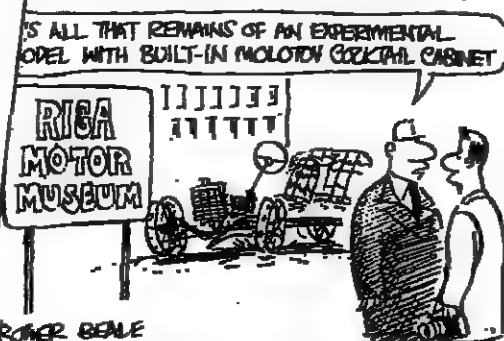
One of the most attractive cars in the collection is the 1938 Steyr 230 from Austria, which has an almost perfect aerodynamic body. With its 55HP six-cylinder engine, it could successfully compete against the larger BMW 327 with an 80 horsepower engine.

Among American cars in the collection is a 1959 De Soto, a 1954 Lincoln owned by the Russian writer Maxim Gorky and a beautifully restored red 1930 Ford A roadster. There are oddities such as a 1943 Tatra with a fin design from Czechoslovakia and the 1955 NSU Spider with Wankel engine.

petrol tank and "hunting horn" hood. The steering wheel is also exposed and resembles a child's Go Kart design, connected only to the right-hand wheel.

Mercedes-Benz, BMW, Horch and Opel cars are represented in the collection. The 1937 500 Mercedes has a comfortable interior and a good view of the road. It was fitted with a 12-volt electro system. The 68 horsepower engine had a top speed of 65mph (105kmph).

The 1938 328, built a couple of years later, was even more efficient in terms of its powerful perfor-



Daredevil Pointed snout with wobbly mudguards, a gullwing exit recalling the mighty Mercedes of the 1930s and the view that most drivers will have of the Dare, a speeding rear end. Photographs: Cori Bower

## Now let's have some derring-do

Ivor Williams discovers the pleasures (and a few drawbacks) of low-level driving in the Dare DZ

Who Dares Wins is the SAS credo. And it is certainly not too fanciful to suggest that the Dare DZ, a strictly non-military road machine, is a winner.

What could be considered fanciful is the claim by Ivor Walklett, Dare's director and chief designer, that what he wanted to create was a road car that "was both aspirational and practical".

Aspirational, certainly. Perspiration, too. But practical, that might be stretching matters. Try getting in and out of the Dare, which sometimes threatens to wrench portions of a driver's back out of true. The gullwings open outwards and up, and having got in - a metal belt grip set under the dash helps you manoeuvre yourself into the car - it's an acquired art getting out again.

But ease of entry and exit is not what the Dare DZ is about. This is a fun car, with exhilarating and unfettered driving enjoyment its hallmarks.

Once in the cockpit - for that's what it feels like - you are cocooned by the sweeping glass windscreen, swept by one huge wiper. You sit in a reclining position, which feels odd at first - for a while you keep wanting to get more upright. You are also very low down, with a clear and intimidating view of the underside of nearby trucks.

Your legs stretch out into the nose cone, which sports a front wing, adjustable for greater down force. One drawback: the pedals are a fraction too close for me, and I am of average height.

The racing-style seatbelts hold you tight into the seat, which means that if you have short arms, you can't reach the stereo system.

Ford's two-litre 16-valve Zetec engine, mounted transversely, bumbles away comfortably inches behind your head. Into first and away. The gear change is mostly precise and positive, although a bit notchy into fifth.

There is no denying its blistering eagerness. From a standing start, even a snarling Ferrari 348 came off second-best. (Perhaps he didn't get the revs right.) The company claims that the normally aspirated Dare reaches 80mph in 5.4 seconds (4.7 seconds with the supercharger) but I could not quite

make that with two up. The steering points the car quickly where you want to go with a sure-footedness my elderly MG Roadster could only dream of. One quirk: the front mudguards move to and fro with the wheels which bounce up and down continually.

The car pulls easily from 30mph in fourth with no grumbling from the engine, which develops 130bhp at 5,750rpm (210bhp at 6,000rpm for the supercharged version).

Its vented disc brakes stop it on a euro, while in the dry the suspension helps glue the car to the road. (For the technically minded, upper and lower wishbones with coil spring and damper units, inboard-mounted with exposed wishbones on the front.) Despite these laudable handling characteris-

tics, the Dare offers a surprisingly supple ride.

In the wet, however, there was some predictable oversteer but it's hard to make the rear break away in "normal" sports car driving mode.

Big exterior rear-view mirrors set high above your head give an excellent view of what's going on behind down the sides, but the huge rear spoiler restricts the interior mirror's view.

Another moan: the glass plate behind the driver's head projects reflections from oncoming vehicles into the rear-view mirror, especially at night. I suggested the plate be made from non-reflective glass, which the company said it would look into.

A third moan: the interior mists up quickly in damp conditions without the fan on constantly and/or the windows open, and one gets the feeling the cockpit would heat up very quickly on a hot summer's day.

There is no spare wheel - two would be needed in any case, the rear wheels being bigger than those at the front, so a tyre puncture repair aerosol is an essential piece of equipment.

Another novelty: the head-

lights pop in and out electronically to the side of the windscreen.

There were strong, mostly favourable, reactions to the DZ's shape. One unimpressed elderly lady spotted the car in my local high street and, open-mouthed, promptly lost control of her shopping trolley. Schoolboys stopped, pointed and stared - some even waved.

Debbie Wedge, my partner, thought it "looked like a big bug with the front wheels sticking out and mirrors on big stalks at the side".

She thought it was "brilliant to look at" but it's "not an everyday car, although you could get a bit of shopping in it".

There is, in fact, just enough boot space behind the engine compartment for a set of golf clubs if you take off the bag's top cover, take out the clubs and feed them in singly. Alternatively, fit the bag in the passenger well.

The body, which features big air scoops behind the doors, is a composite (polyester resin and glass fibre sandwich) moulded on to a multi-tubular chassis. It stands just 1.03 metres high, and is 3.47 metres long.

The convertible features a smaller version of the gullwing which folds up and lifts off in one piece to store in the boot. The car delivers 130bhp, says the company - with fairly hard driving at times. I got rather less.

The whole car comes in at just 680kg dry weight, 780kg all up, (my 1978 MG Roadster weighs 1044kg) and Dare says the naturally aspirated 130bhp version can reach 130mph (145mph in its supercharged version).

You buy direct from the factory in West Mersey, Essex. "People like to come here to the source of manufacture," says Walklett. This applies to servicing, too. "Rather than being an inconvenience, it becomes part of their life," added Walklett. However, the engine and gearbox can be serviced at most Ford dealerships.

The price will be £21,572 for the normally aspirated convertible, £23,970 for the supercharged version. The gullwing will cost £23,852, £25,850 for the supercharger.

You can have any colour you like, but metallic paint costs £465. Leather seats are also £465 extra. Sales start early in spring.

Dare is based at Prince Albert Road, West Mersey, Essex. (01206 382937).



## TRAVEL

## A tale of two Scarboroughs – or how to

All over the world there are namesake cities, sharing some physical feature or point of origin, cities named perhaps by homesick settlers, perhaps simply after one another. York and New York, Toledo, Spain, and Toledo in Ohio, Carthage in Tunisia and Spanish Cartagena are examples. Adam Hopkins presents the first in an occasional series on some of these unlikely partners

According to Icelandic sagas, the Viking warrior Thorgrill had a bare-hip, which gave him his Old Norse nickname, Skarði. When he raided the windy English coast in 966 AD and built a fort there, in present-day North Yorkshire, it must have seemed reasonable, if not perhaps too serious, to call it Skarðaborg.

Times change. Names change. New settlements come into being. Even Thorgrill might have had some difficulty imagining that in 1782, after nearly 800 years, his little town in England, known by then as Scarborough, would pass its name on to the emergent capital of Tobago in the deep blue, rather warmer Caribbean.

Skarði's first Scarborough, the Yorkshire one, had its harbour where the modern harbour lies, with fishing boats, a lifeboat and a few pleasure craft, not too grand, in a hoop of bay looking south to a line of capes and cliffs. Inevitably the fort was on the hill above, offering even more dramatic views, north and south, and up into that splendid tract of walk-

er's countryside and source of television serials known as the North York Moors. Skarði's fort began a Norman castle. Edward I improved it greatly. Edward II made his favourite, Piers Gaveston, the lord of it and, from there, after a siege, his enemies winked him out, promising him safety but

### The original Carib inhabitants kept pushing off the early settlers

killing him all the same. It was besieged twice during the civil wars of the 17th century and only settled into being a romantic ruin later. There it remains, its long, long curtain walls brooding over the holiday town of Scarborough.

Scarborough in Tobago – though it bore a different name to start with – changed hands more than 80 times before coming definitively under British rule. The original Carib inhabit-

ants kept pushing off the early settlers. Latvians, Dutch, French and British all contested the island. The British got it for keeps – that is to say until independence 37 years ago – under the 1814 Treaty of Paris.

You can see some of this history in Fort King George, still named for a British sovereign, on top of the high hill in Scarborough. (The views there, lush and splendid, take in much of the small island's windward coast, tumbling down to a terrain of deep little bays with the hard sea driving into them and a perpetual strong breeze ruffling the tops of palm trees.)

The sweet and neat museum in the fort offers the handwork of local people before Columbus (beautiful pottery sharing a kinship with that of Mayas and Aztecs) and echoes of the invaders (lots of porcelain, not to mention medals and clay pipes).

Next it presents, in calm and factual tones, a history of the slavery that came to a climax with British rule and the sugar plantations – Friendship plantation, 113 slaves; Amity Hope, 106; Les Coteaux, the biggest, 498.



Fort King George, Tobago: Scarborough changed hands more than 80 times before coming under British rule

We learn that the Coronations of the Gold Coast were held responsible for the slave revolts of the 1770s. The masters lived in fear, because there were 20 slaves

to every European, imposing order with dreadful punishments. Death was the most frequent, provided a master could bear the loss of his investment.

Art way down the hill, Gen Leacock, 88 years of age, known throughout the island as Uncle George, has a lifetime amazing personal museum, the Scarborough Heritage Par-  
lour, led to a large degree on his family. He takes me and, along with an Indian guide from Trinidad.

His great-grandmother's a slave, he says, and the plantation master exercised *seigneur de seigneur* over her happened very often.

As a suit, his great-grandmother was white in appearance when she grew up, she was raped by a former slave; slaves were

freed, with limitations, in 1833. "I have done you the same thing the masters did to us," said her assailant.

As it happened, I had just been to the theatre in the round in Scarborough, North Yorkshire, to see Jane Asher in Beem's *Doll's House* (direction by playwright Sir Alan Ayckbourn, as good a friend as either Scarborough ever had). Since *The Doll's House* is about the strongest statement possible of a woman's right to be treated as a human being, I could not help being struck by the lessons in this area meted out by the two Scarboroughs.

But if that seems a little pious, Haynes, my guide and

companion in Tobago, soon turned it round over a mountainous meal of rice and beans and a side order of dumplings.

"Oh man," he said, surveying the lunchtime clientele and sighing like a furnace, "if I wasn't married already, I reckon I could marry 15 times a day in Scarborough."

"Sixteen," I found myself replying, to my shame; and when I stepped into the market after lunch, a stallkeeper named Velde rolled her great eyes at me.

"I only got oranges and apples today," she said, flitting like mad, "not those

Continued on next page

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A NEW PERSPECTIVE

### Skiing / Arnie Wilson

## Family trials and tribulations

Nicola, the young stewardess from Gela, deserved a nap as she dozed off in the back of the car. I am well accustomed to fast-decreasing the should be seated close to the only squawking baby engulged in a slumber of hundreds of airlines kengars, but on this occasion I was surrounded by the to say nothing of Sprites and Sprites – the off-duty Ski Esprit company officiation for children at three to four and five to six.

To complete my notion, the man in front of me was wearing a Russian blinching with plastic and the child behind was king my seat. Such are the tribulations of taking one's child – or, in my case, grandchild – to the mountains as a tour operator which caters in child care.

How fortunate the fit was short. Nicola and the other hard-pressed stewardesses on the Go flight were magnificent, dealing patiently and smilingly with this horse crèche, trying the best to get us all fed a watered during the 80 minutes which elapsed between Stansted and Geneva.

As I watched Bevan – it and something fried. But do eight-year-old son of Melissa you serve them what they at the huge white clouds – want them to have? first flight, first skiing holiday – memories of early fatherhood started coming back to me. As we landed in Geneva, he had his first glimpse of the Alps.

And then we were off to Chamouli, where tour operator Ski Esprit has four chalets. Ours, the Cairn – a former hotel – was a pleasant building in the main street of the village of Les Praz. There were astonishing views of the Aiguille du Midi and much of the Mont Blanc massif from our window.

We awoke to a dawn chorus of babies and the shouts and screams of high-spirited children. But what else could you reasonably expect in a Ski Esprit chalet?

Apart from getting Bevan ready each morning, and get-

ting his ski boots buckled, we did not witness his early adventures on skis, thinking it best – so long as he seemed happy – to leave him in the capable hands of the ski school. But I enjoyed his accounts of the day's events each evening, as did his mother, courtesy of a nightly telephone call.

The children lunched together at the chalet, and were then able to indulge in various "Snow Club" activities, such as painting, watching videos and "bum-bumping" (sliding on round, plastic sledges). This kept them going until around 5pm. Since they ate their evening meal at 5.30pm, this enabled the adults to spend an entire day on the slopes without worrying about

their children. Derek Jones, the company's operations director said: "The kids just want ketchup and something fried. But do eight-year-old son of Melissa you serve them what they at the huge white clouds – want them to have? first flight, first skiing holiday – memories of early fatherhood started coming back to me. As we landed in Geneva, he had his first glimpse of the Alps."

For older children, including Bevan, there was the Cocoa Club in the evening. Derek Jones, the company's operations director said: "The kids just want ketchup and something fried. But do eight-year-old son of Melissa you serve them what they at the huge white clouds – want them to have? first flight, first skiing holiday – memories of early fatherhood started coming back to me. As we landed in Geneva, he had his first glimpse of the Alps."

Back in Les Praz, it was time to return skis and helmet to the rental shop. "Where would you like to go skiing next year?" I asked Bevan. "Switzerland? France? Austria? Italy?" "Italy," he said, for no apparent reason.

Back in Essex the following day, his mother asked: "So, what did you do, Bevan? Tell me all about it!" "I skied, mum," he said, stolidly. "And next year I'm going to Italy."

■ Ski Esprit: Oaklands, Reading Road North, Fleet, GU18 8AA Tel 01253-516789 e-mail travel@skiesprit.de-mo.co.uk

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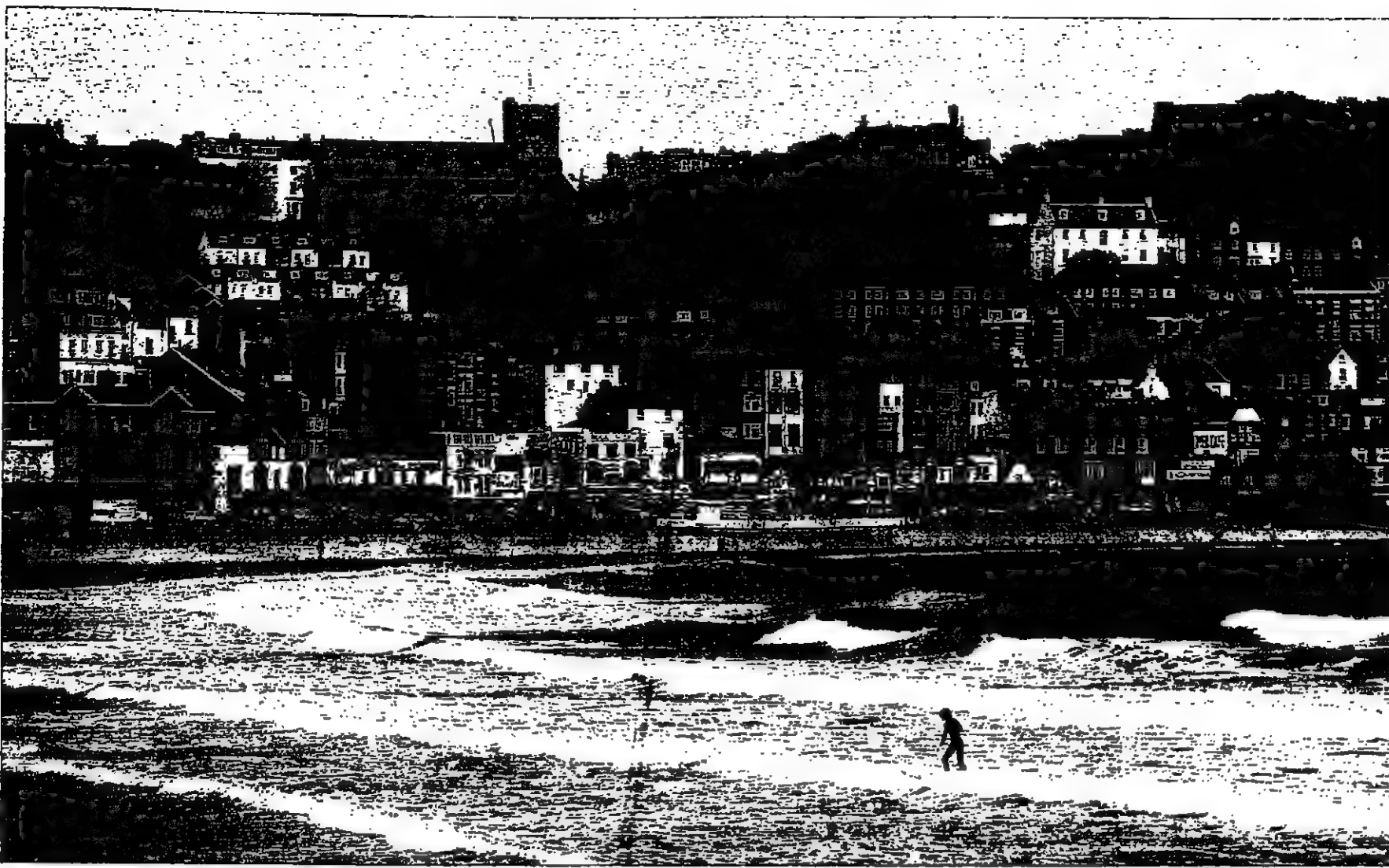
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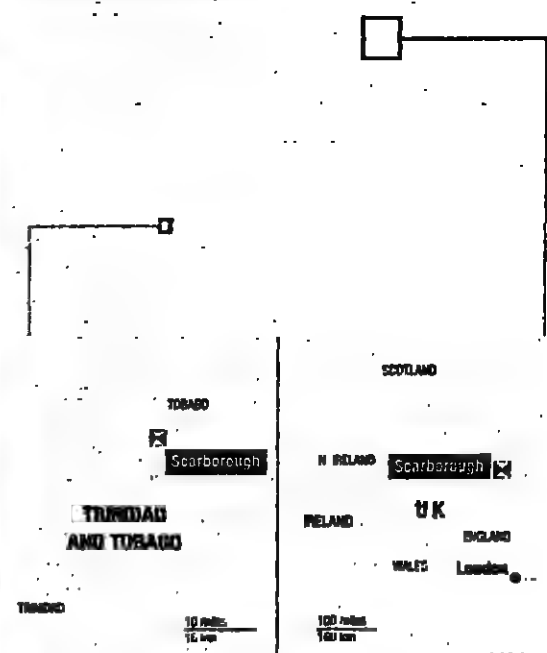
## TRAVEL

## blow hot and cold across the Atlantic



Scarborough, North Yorkshire: a seaside town of nearly 70,000 with jangling amusement arcades, shops, rock and fish and chips

The Scarborough twins



## General information

■ Adam Hopkins stayed in Tobago at the CoCo Reef Resort with Caribbean specialists Caribbean/Caribbean Escapes. Tel: 0171-581 3517. One week, including a British Airways scheduled departure, costs from £285 per person. Tel: 0171-573 5000.

■ Trinidad and Tobago Tourist Office, tel: 0800-980057. He diverted from a tour of Venezuela, courtesy of Cox and Kings, tel: 0181-673 5001.

■ In Scarborough, north Yorkshire, Hopkins stayed at the friendly Mount Hotel. Tel: 01723-360861.

■ For further information contact: Scarborough tourism on 01723-373333.

From previous page

exotic fruits that you want." But actually Scarborough, Tobago, is a reasonably disciplined sort of place: ferry port and service centre for the island, with lots of banks and schools - and lots of churches. It lies in a hot little circle behind its bay with the ferry terminal and asphalt and fast food, then climbs up on one side, with trees and greenery and an amazing blare of competing sound systems, to Fort King George.

The 10-year-olds in the Scarborough Methodist School are beautifully behaved as they do old-fash-

ioned dictation and comprehension. The banks have security men in fantastical military uniforms.

The island Assembly, half way up the hill, was debating a structure plan when I arrived and, out on the veranda, local politician Stanley Bear, in charge of tourism, inveighed - in my view quite correctly - against a quick-fix notion of development, supposedly imposed by big-brother Trinidad.

The answer, says Bear, cannot be massive, enclave hotel building behind the beaches; it must be some form of eco-tourism based on the sustainable beauty of the

island. (He hopes one day, in association with Scarborough, north Yorkshire, to put on a Scarborough fair to show off local produce.)

Then suddenly, in tropical style, evening has come to Scarborough, Tobago. In a twinkling, the daytime population of 18,000 diminishes to a mere 7,000. No-one at all, except for a few tearaways, goes out at night.

"Man", says barman Kim, who runs the King's Well Inn, "we are country people, we have to go home and feed the animals."

Which is not at all the case in Scarborough, north Yorkshire, seaside town of nearly 70,000, with jangling

amusement arcades, shops offering traditional seaside rock, and fish and chips and pubs and noise, all on the hooped seafrost behind the

Somewhere along the line, cheerful vulgarity broke in

harbour. To north and south, however, and higher up the hill, the rest of town is surprisingly quaint.

There, of course, hangs a tale. For this very Yorkshire Scarborough lays claim, rightly or wrongly, to have invented seaside tourism back in the 17th and 18th centuries. Taking the waters - easily done at the Spaw (sic) in Scarborough - became conflated with medicinal sea-bathing. This led on to seabathing for its own sake and step by step from there to the holiday pleasures of the modern world. Or so they say in Scarborough, Yorkshire...

At first the town attended to "the quality" (dropping the "w" on Spaw as an early step). There were entertainments galore and the start of

the theatrical tradition which still persists. There was some lovely building, Regency, Georgian and Victorian, all rather higgledy-piggledy, much of it still surviving. You could not hope to find a finer Gothic Revival/Arts and Crafts/Pre-Raphaelite church than St Martin-on-the-Hill, with architecture by G.F. Bodley, interventions by William Morris, Jane Morris (Jane Burden), Edward Burne-Jones, Philip Webb, Ford Madox Brown and Dante Gabriel Rossetti.

Somewhere along the line, though, cheerful vulgarity broke in, giving the town its present, schizophrenic per-

sonality. Now, it is evident that mass tourism means mass entertainment, too, especially when it is raining; and there are some really splendid popular venues apart from the amusement arcades - a notable bolt-on to earlier traditions.

The Scarborough Millennium (1,000 years of Scarborough, that is) is one of those walk-through museums where spotlit figures recount the history of the town, in this case partly scripted by Ayckbourn. Then there is the local branch of Sea-World, with a seal hospital outdoors and marvelous indoor aquariums where you can commune with all the

creatures otherwise invisible beneath the North Sea.

And maybe in the end that illustrates the difference between the two Scarboroughs. In one, you have to be prepared for rain and cold, hence all the indoor entertainment. In the other, if you want to see sea creatures in their tropical finery, you just plunge in the water with a mask on.

"Aye," say Ray and Marjorie, visitors to Scarborough, North Yorkshire, "it's nice and bracing here. Most definitely, it brings the colour to your cheeks." No-one in Scarborough, Tobago, would dream of saying such a thing.

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## GARDENING

## Likely basket-cases

Now is the time to browse the seed catalogues, says Robin Lane Fox

The sunshine during last weekend was a sudden chance to observe the state of play at ground level in our winter flowerbeds. It is noticeable how many seedlings have continued to grow gently into January. They are an unwitting reminder that our own season for seed-sowing will soon be upon us and that we need to start to get our act together.

Although many seeds are available nowadays on the racks in garden centres, the selection is far wider than any one centre can carry. I often find a lack of supplies or that the best colour in a particular family has not been ordered.

There is still no substitute for combing the seed catalogues. It has been a traditional accompaniment to January evenings throughout my gardening life, and if I did not order by post the summer's flowers would be much less interesting.

Last season I had wonderful results from the expanding range of new sunflowers which are on offer from major seedsmen. Like most of the varieties in the rest of this article, they are available from Thompson and Morgan, Poplar Lane, Ipswich, Suffolk IP8 3BU (tel: 01473-688588).

Sunflowers no longer come in overpowering heights and in shades of Van Gogh yellow only. Last year I grew the deep red Velvet Queen which flowered splendidly at a height of only 5ft and was a stunning accompaniment to borders which had passed their best in early September. Italian White is even shorter, reaching a height of 4ft, with a centre of gold and black. Lemon Queen is new this year and is a

pale and easily placed variation on the usual sunflower scene at a height of only 5ft.

All these varieties, listed under Helianthus, are remarkably easy to grow if you sow them indoors in mid-April in a plastic pot without overcrowding them. They germinate very easily and need to be moved into single pots before they start drawing each other up, weakening their stems.

At these manageable heights, the new sunflowers are extremely welcome. But for a window box or hanging basket, you need to look further afield. The most popular bedding plant of all in Britain is still the petunia, but its family is always being enlarged and altered by ambitious breeders. The recent

excitement here is the group of trailing petunias which dangle downwards.

The main colours on offer have been pink and purple, but this year Suttons of Hale Road, Torquay, Devon, have begun to offer a pale variation called Petunia Pearly Wave, whose trailing stems bear flowers which change from white to soft lilac. Suttons also offers a particular yellow favourite which I noted at the seed trials last year.

Petunia Prism Sunshine has large primrose yellow flowers with white centres and lasts very well throughout the year. It resists hot sunshine and was voted British Bedding Plant of

the Year in 1996 which ought to say something about its stamina.

Some of the more extreme variations on the old petunia may have put you off the family, but I recommend that you look again at the easy verbenas as an alternative. Many of them are excellent in a box or basket and this year I will be trying a pale lavender-pink and white variety from Thompson and Morgan called Romance Lavender. It is about 10in high - it spreads naturally and falls very prettily from a pot or a basket on a wall.

The classic yellow combination in such baskets is the finely leaved Bidens, which grows with neat regularity and is therefore over-patronised by municipal planters. If you leave it to spread

freely it is a wonderful choice for a bright basket or flowerpot and I will certainly be growing Bidens ferulifolia Golden Goddess, which germinates easily in a little heat and cascades into flower throughout the summer.

At a lower height, I have abandoned my rather speculative choice of last year: a scented white-flowered thing called Schizopetalon produced flowers much smaller and duller than their photograph in the catalogues. I continue to rally to the small Californian poppy with little lemon-yellow flowers and an under-appreciated scent, Eschscholzia caespitosa Sundew which can be scattered outdoors into cracks between paving stones and left to grow by its own devices. It is a

lovely little thing - much prettier than other heavy orange varieties in the same family. It also tends to sow itself year after year without trouble.

Lastly, if you can keep black fly away, remember the simple nasturtiums. The trailing varieties called Whirly Bird are marvelous in window boxes if you remember to water them and to spray them with Tumblebug. Alternatively, you could try the much larger Jewel of Africa variety whose flowers come in many more colours, including cream and peach-pink. The leaves are spotted and lined with white and the whole plant is capable of reaching more than 6ft in open ground. If you allow it to swing down from a box or basket, it is absolutely spectacular.

Nasturtiums really are fool-proof plants from seed. If you are feeling potentially foolish in this strange winter, order the better nasturtiums and discover by next July that you are not such an incompetent after all.

## Monet's waterworks

The plants and the paintings are both artifice, says Martin Wood

We all know the story of how Monet gave up regular work as an unrecognised artist at a certain age and began obsessively to paint the natural world at Giverny. Or do we? The story told by Vivian Russell in her book *Monet's Water Lilies* is of life and death, of peace and war, of love and loss, of despair and revival in the valley of the Seine.

Monet, having exhausted the possibilities of colourist painting in his garden at Giverny, bought more land and made the water of a stream, the Ru, stand as a lake for him to paint.

This was a small task for a man who had once ordered the stripping of leaves from an oak in spring so that he could complete a winter scene.

The water lilies which caught his plantman's eye and which he painted in that lake, and in its larger successor, were not the yellow Nuphar lutea and double white Nymphaea alba, native to northern France. They were the hybrids of Joseph Bory Latour-Marillac who, in his nursery at Le Temple-sur-Lot in south west France, built the foundations of the many hybrid water lilies we have today by cross-fertilising species from North America, Africa and India with native stock.

It was in 1877 after 10 years of experiment that a red water lily first

appeared. By 1889 Latour-Marillac was able to bring his Nymphaea Marliacea and Odorata series to the Exposition Universelle in Paris to be shown on a little river in the Trocadero.

His success coincided with the point in Monet's life when his work began to sell. He, too, was an exhibitor at the exposition, and his success there ended his days of poverty. Monet was an inveterate visitor to horticultural shows with his gardening friends the writer Mirbeau and the painter Caillebotte and may well have seen these hybrids before. But now he could afford to indulge his interest in water gardening.

The new water lilies delighted him. He planted them with passion and maintained his new water garden obsessively. Every morning gardeners performed a toilette on the water to remove algae and dead leaves from the water lily plants - all directed by Monet with the fervour of the perfectionist.

It is not therefore a natural world that Monet shows us in his Giverny paintings. Monet's painting, as with Latour-Marillac's creation of new cultivars of water-lily, is a triumph of inspiration and technique over the natural order. Russell opens our eyes to this and to the way in which Monet anchored his soul through periods of great sadness by working in his garden.

Monet began his Grandes Decorations, the large water lily canvases, in a bout of enthusiasm in 1914 and continued with ever heavier heart as the first world war brought destruction almost to his door. In 1918 he asked his friend Clemenceau to offer two of these large decorative panels to the state. "It's not much but it's the only way I have of taking part in the victory." After his death in 1927 they were joined by the others and can now be seen by the world at the Orangerie in Paris.

At the end Monet's eyes let him down. He wrote to his oculist in 1923: "If I have always to see nature as I see it now I would prefer to be blind and keep the memory of the beauties which I have always seen."

Yet the beauties he had seen, and had painted, were often of his own creation.

Are there men or women today with the inspiration of Monet and plant breeders who strike new cultivars as exciting as those developed by Latour-Marillac?

If so, may they be written about with the care and charm that Russell has brought to the telling of the real story of the water lilies at Giverny. With its translucent cover and readable scholarship, this is a beautiful little book.

*Monet's Water Lilies*, by Vivian Russell, 199p, Frances Lincoln, £14.95



Latour-Marillac's hybrid water lilies show remarkable variations in colour, petals and leaves

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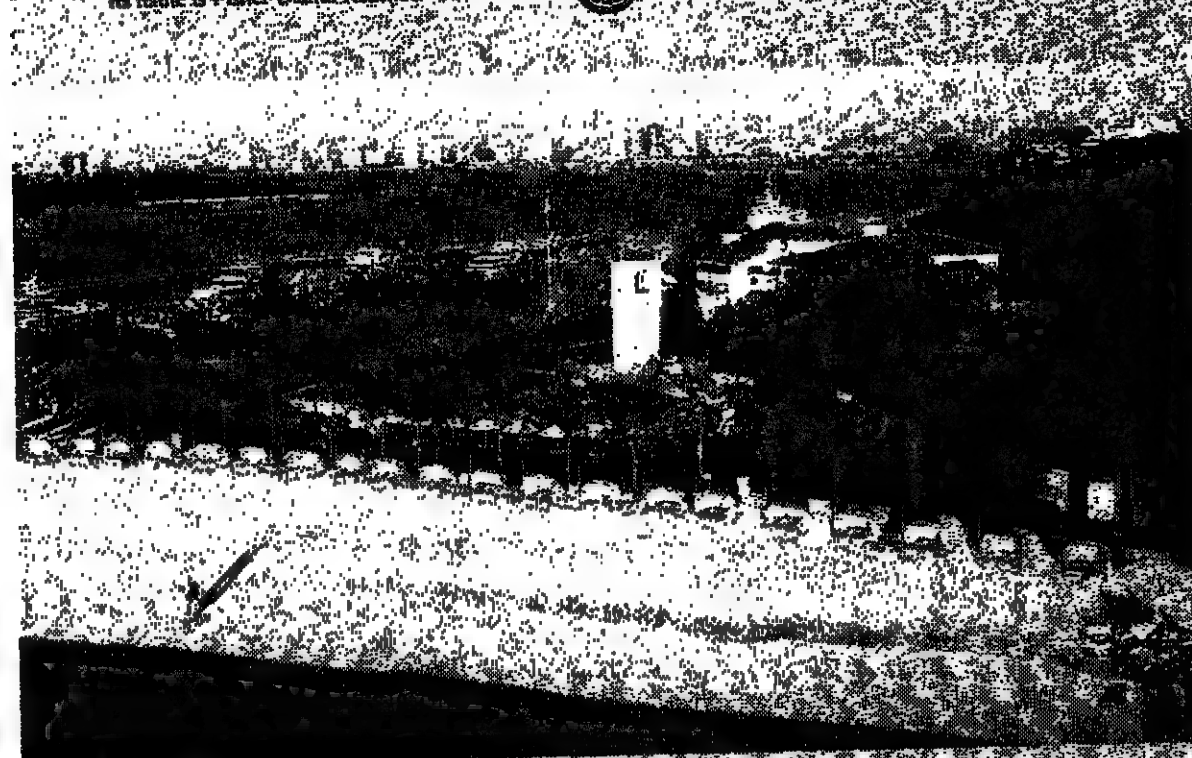
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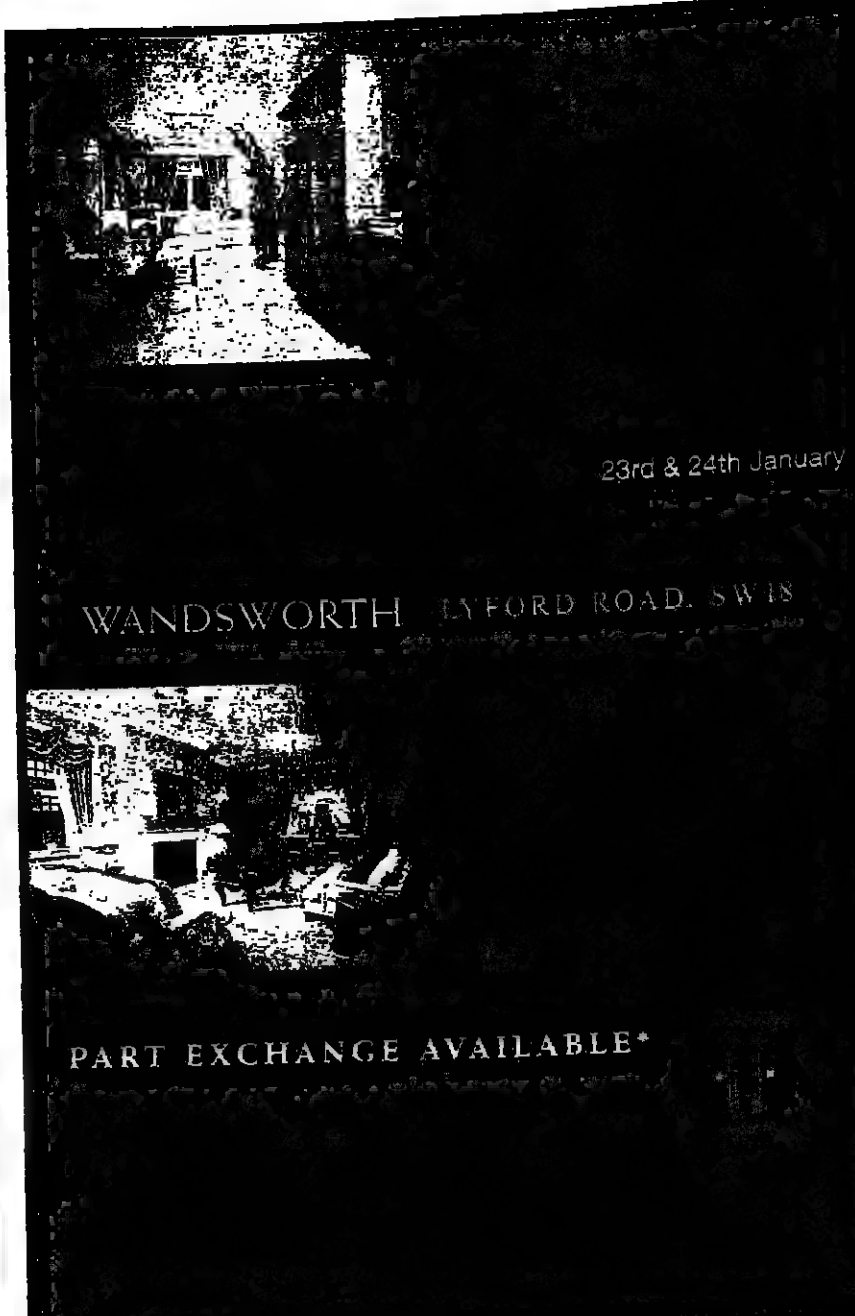
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## PROPERTY



Unrestored: a dreamy unreconstructed chateau for sale near Clermont - it feels as though nothing has changed there for a century



Restored: in Lot-et-Garonne is Garvise, an old farmhouse/chateau with a tower block and large yard containing a 17th century dovecote

## Where the work is almost done

Gerald Cadogan goes in search of unrestored chateaux and manoirs - and finds there are few left

In one way, the Dordogne is virtually finished. It's still very much alive as a place to live or visit - but as far as building work on the bigger properties is concerned, there is very little left to do.

The region is reputed to have more than 1,000 chateaux or manoirs, and in the 1980s there were plenty for sale. Today, it is hard to find one that has not been refurbished.

The Dordogne property market, in south-western France, spent most of the 1980s becoming but more recently has been on the move again. Properties for sale, which had been significantly outperforming buyers during the recession - the collapse of the UK property market in 1990 and devaluation of sterling in September 1992 were savage blows to the Dordogne market - are at last being bought and prices are firming, without the irrational speculative rises of the late 1980s.

Last year was very busy. British, Dutch and Belgians are still looking, attracted by the beauty of the country and its cottages, farms and chateaux and the fortified market towns - bastides - often with arcades around

the main square. There are also German and US buyers. The land has the settled, comforting look of a place that has been farmed and tended for centuries. Food is excellent. Communications with northern Europe become steadily easier, with autoroutes in all directions, major airports at Bordeaux and Toulouse (and small ones at places such as Bergerac and Agen) and the TGV trains. And for those who tire of inland life and want a break from swimming in a pool, it is an easy drive to the long sweep of sandy beaches on the Atlantic coast west of Bordeaux.

A growing number of buyers are preferring the Dordogne to the crowded Côte d'Azur and Provence and their elevated prices, reports Sarah Francis of agent Sifex. They come in search of better value and tranquillity. And more people are coming to settle in their 30s, 40s and 50s, says James Pattinson, a Dordogne-based agent and

FPDSavills' associate, whereas foreign buyers in the past were mostly retirees.

The first expatriates to settle in the Dordogne (or Périgord as the French prefer to call the region) were a trickle of British artists and writers in the 1950s, when they could buy a group of medieval buildings for £500.

The Dordogne valley east of Bordeaux and the surrounding regions have since been as popular with north European buyers (mostly from the UK) as Tuscany, but prices are cheaper. Many foreigners stay the whole year - which hardly any in Tuscany - and bring up their children in the French school system where, as they become bilingual, they can speed their parents' integration into local society.

In the late 1970s and 1980s, as more families started to arrive - "to get out of the London rat race", one family said, while others moved "to escape Thatcherism" - there were still plenty of



Restored: Chateau de Lauzac was bought as a ruin 10 years ago

houses available to restore.

But during 1988 it became hard to find a shell building to restore at, say, FF200,000 says Pattinson, and holiday cottages with a pool costing between FF1m and FF1.5m (£107,000-£180,000) sold at once.

Most houses on offer through agents that sell to foreigners will have been restored. But there are still a

few for restoration, as I saw when looked in the window of an agency at Sauveterre-de-Guyenne in Entre-deux-Mers, the triangle of land south-east of Bordeaux between the Garonne and the Dordogne (the "two seas").

It might also be possible to buy a house with some land, and find a farmer to work it in exchange for looking after

your house when you are away. The going rate for arable land is between FF15,000 and FF18,000 a hectare, says Pattinson. But for prospective wine-makers, land will cost between FF100,000 and FF120,000 a hectare for established vines with a Bergerac appellation (up smartly from FF60,000-70,000 in 1997) or FF200,000-250,000 for a generic Bordeaux appellation. Around St Emilion, prices reach up to FF1m per hectare, and can be even more for prime parcels.

Near Eymet, Pattinson and FPDSavills offer the restored Chateau de Lauzac, with superb views from its promontory above the river Dronne. It has 16 hectares and plenty of outbuildings - some are now guest houses and holiday cottages - for FF4.9m. It was bought as a ruin 10 years ago.

To the south, in Lot-et-Garonne, the same group is selling Garvise, an old farmhouse/chateau with a tower block and an attrac-

tive large yard with a 17th century dovecote (pigeonnier) and 2 hectares for FF4.7m.

Two Bergerac wine properties are on Pattinson's list, one with a small, newly planted vineyard at FF3.2m, the other with 74 hectares of vines (red, white and Monbazillac) as well as 16 hectares of plums and 82 of woods and fields, at a price still to be determined - a not unusual situation in France. Just 10km from Bordeaux, Sifex offers a chateau (a 17th-18th century gentleman's house on one floor) with 73 hectares of vines (half Merlot, half Cabernet Sauvignon) and a further 24 hectares (let) for FF2.8m.

Pattinson also lists smaller and larger houses, as does Sifex, which offers a house in a hamlet near Escudéville with a pool for FF1.3m (that will quickly find a buyer) and a maison de maître between Angoulême and Périgueux with a pool and guest house and 24 hectares for FF2.2m. (Part of the land is valuable

truffle country.) Near Périgueux, Domus Abroad is selling a three-bedroom holiday house with pool for £89,000.

Entre-deux-Mers is lovely rolling country with woods wherever there are not vineyards, and is underrated by the market, according to Pattinson, even though it is so close to Bordeaux. In the region, a dreamy unrestored chateau is for sale near Clermont from Agence Immobilière du Périgord, with 17 hectares among trees beside a river that once supplied the moat. It looks like a tower house in Aberdeenshire.

The price for this chance of a lifetime for energetic optimists, where little seems to have been done for a century, is FF3m.

A less demanding house in Entre-deux-Mers, built in traditional style near Soudrac for an English family in 1970, is for sale from Cabinet Bedin for FF1.5m.

■ South-west France (code 00 33-6): Agence Immobilière du Périgord, Bergerac, and James Pattinson, St Sernin de Durus: 5383 9833; Cabinet Bedin, Pargues-St Hilaire, 5197 0999.

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## SPORT



Celtic Swing in the winner's enclosure with its owner Peter Savill (centre right) after winning the Prix du Jockey Club at Chantilly, France, in 1995

## Horseracing

## Squaring up to the bookies

Peter Savill has a mission to solve the sport's underfunding. Michael Thompson-Noel reports

There is something of the top-flight boxer about Peter Savill, who is president of the British Horseracing Board (BHB). It is not that he is pugilistic. But Savill enjoys verbal sparring, moves fluidly, even stealthily, and hits out with clever ideas as smoothly as a boxing champion flicking jabs into the face of a foe.

Savill's foes are the bookmakers. For decades, British bookmaking firms have siphoned fat profits out of horseracing, using them, in some cases, to diversify into other businesses - property, hotels, whatever - at racing's expense.

As a result, Savill, a multimillionaire and prominent racehorse owner, says UK racing is starkly underfunded, compared with the sport in other major racing countries.

Such a complaint is not new. British racehorse owners always seem to be whining about the low average prize money for which their steeds compete and badgering the government to pump millions more in subsidy into racing to fund their fantasies.

In the view of Savill and the BHB, these extra millions - £105m annually - should come mainly from the bookies (£80m), with £25m tossed into racing's cavernous pot by sponsors, racecourses, racegoers and punters.

Many people, especially the bookies and probably most bettors - punters have zero influ-

ence on how racing is run or financed - disagree with the claim that UK racing is underfunded.

They say it is extremely tacky of owners, who are rich by definition if not always high-born, to rattle their begging bowls so brazenly and so frequently. Racing, they reckon, is a highly successful sport. Far from deserving increased subsidies from punters, who already donate millions to the sport via a levy on betting turnover, racehorse owners should be thankful for what they have got. (In 1998-99, the betting levy is expected to produce £22.6m for racing.)

However, Peter Savill is a man with true grit. He has the bookies in his sights, and there - falling crossly - they will stay. Very seldom have the bookies encountered an opponent as formidable, determined, quick-witted and intelligent as Savill, whose position as chairman of the BHB, racing's main supervisory body, gives him access to the corridors of power.

The other day, at a racing forum in London, Savill claimed that the key assertions underpinning the BHB's one-year-old financial plan for racing, which seeks an additional £105m annually, remained "rock-solid" and "unchallenged".

They are certainly not unchallenged: they have been challenged unceasingly, especially by the bookies. But what is now happening is that Savill's call for substantial extra money for rac-

ing is sounding increasingly reasonable, mainly because UK bookmakers - he says - are awash with profit.

It is unacceptable, says Savill, for the British betting industry to pay only 1 per cent of betting turnover to racing when all other major racing nations pay 4-16 per cent of such turnover. Second, UK betting shop overheads are unacceptably high at more than 14 per cent of betting turnover, compared to 6.5-10 per cent

## He wants to loosen the bookies' iron grip on racing's throat

in other major racing countries. Third, the UK betting industry's "total monopoly" of betting on horseracing is unfair, anti-competitive and unacceptable.

Savill is calling for a revolution. He wants to modernise UK racing's administration and financing. Especially, he wants to loosen the bookies' iron grip on racing's throat.

Can the bookies pay more? Lots more? They say they can't. They have always said that. But Savill is certain they can. In 1996,

he says, the UK betting industry claimed to be making "only" £100m profit a year. "The 1996 profits of the Big Three firms alone (Ladbrokes, Coral, William Hill) are estimated to have exceeded £240m," says Savill, "making total betting industry profits in 1996 in excess of £350m."

Based on recent valuations, he says, the UK's off-course betting industry is worth more than £3bn a year, a figure that is likely to keep rising. Savill is probably right. Quite possibly, the spread of digital, interactive TV betting services in the coming decade will be of considerable benefit to those betting companies that move fast enough to capitalise on it.

"Betting industry experts believe that up to 2 per cent of overhead costs can be saved by the introduction of improved computerisation systems," says Savill.

"Based on 1996 betting turnover of £7bn, that means up to a further £140m in savings to the betting industry."

The facts are irrefutable. The betting industry is getting richer and richer. In 1996 it made more than three times the profit of three years earlier. It can clearly afford to pay a lot more (to racing). The betting industry, adds the racing board chairman, should pay racing an extra £80m from betting turnover without passing it on to punters in the form of a higher levy on bets. Punters already pay 9 per cent extra on bets in levy and tax.

More, Savill wants to see the present levy system scrapped. The government's role in racing, says the BHB chairman, "should be one of regulation of gambling, not management of betting businesses and arbitration of inter-industry disputes." In short, the government should withdraw from racing's commercial arena, leaving the racing and betting industries to get on with their own business.

The bookmakers complain that Savill uses betting figures very selectively. They say they have already spent heavily on improving the betting infrastructure. And they warn they are losing turnover to offshore, low-tax and internet rivals.

Savill calls this last claim "scaremongering", adding: "There is no evidence of anything but a tiny percentage of betting turnover being affected in this way."

Some bookies suggest that the best way to help racing would be for the government to lower betting tax again, from 8.75 to 5 per cent of turnover, producing an estimated £18m more for racing.

In the months ahead, UK bookmaking firms will probably come to dread hearing Peter Savill's name. He will corner them on the ropes and chase them into the middle of the ring. The experience will be painful. They will not be knocked unconscious. But they may have to pay racing many extra millions before Savill stops pummeling and bullying them.

## Michael Thompson-Noel

## Base acts beset the baseline

When things are not going well for me on the tennis court, I console myself by thinking horrid thoughts about my opponent. It is no wonder that my world ranking is still outside the top 100-150.

What I should have been doing all this time is following the example of America's steely Venus Williams, the fifth-seeded woman in the Australian Open in Melbourne, who rallies herself with elevated notions whenever she is threatened.

In the first round in Melbourne, Venus was two points away from being ousted by lowly opponent Silvija Talaja of Croatia. So, Venus later explained to reporters, she told herself: "This is not my fate. This is someone else's fate. I can't go out like this." And she didn't. She won 3-6 6-3 9-7.

I have also vowed not to emulate young Spanish baseliner Galo Blanco, who was beaten by controversial Petr Korda in the Australian Open on Tuesday but refused to shake Korda's hand and virtually accused him of cheating.

Recently, I have found myself starting to boil over during matches, and in danger of unsporting Blanco-type behaviour. The reason is that last July I managed to quit smoking. A few weeks later I joined a gym. I am now a lot healthier. Glossy hair. Glossy skin. Glossy teeth. Big muscles.

But there is a lot more oxygen bubbling in my blood, and that can be a problem. All this oxygen has made me more aggressive. Nothing serious has happened yet. But the other night, going home, on the Tube, I pushed a man who barged into me out of the way, and told him I hoped never to set eyes on him again. Ever.

But I don't want to go on like that. I especially don't want to attack someone on the tennis court. They would throw me out of the club.

So, no more Blanco-style behaviour from me. Korda has been in the wars recently. Many of the other players were angry that the Czech escaped without a suspension after a drugs offence at Wimbledon last summer, when he was found to have taken a steroid. (He says he has no idea how it happened.)

However, Blanco's behaviour in Melbourne had nothing to do with Korda's lenient treatment by the tennis authorities for his drugs offence.

Blanco had lost to Korda in a five-set, first-round tie but claimed that Korda, the unseeded defending champion, had faked an ankle injury so he could grab a few extra minutes' rest. Korda says he twisted his ankle in the third set, when the score was one set apiece.

Eventually, the Czech won 6-3 6-7 6-4 6-7 6-2, though Blanco reckoned Korda was having him on by exaggerating the extent of his injury. "I felt I couldn't trust Korda, so I didn't want to shake his hand," said the youngster.

Korda was shocked by Blanco's behaviour, and was lost for an explanation. "I have no idea," he said later. "I was waiting. It never happened to me before."

The week's strangest sporting news was the assertion by organisers of the Sydney-to-Hobart yacht race that they are planning no dramatic changes to the supervision of this year's race, next December.

Just after Christmas, fierce

gales struck the fleet of 115 yachts competing in the 1998 Sydney-to-Hobart. Seventy boats had to withdraw because of hurricane-strength winds; seven boats were abandoned or sank; six crew members were killed.

You would imagine, would you not, that such a tragedy would lead to sweeping changes in the way such races are supervised? Specifically, you would imagine that rules needed to be established giving the organisers powers to order the fleet to cease racing, and perhaps return to base, as soon as the weather turned really nasty.

However, Hugo van Kretschmar, commodore of the Cruising Yacht Club of Australia (CYCA), said he did not expect wholesale changes in the way the race is managed. A six-member CYCA committee is investigating last year's fatal race. So is the New South Wales state coroner, weather bureau and rescue authorities.

Van Kretschmar added that the CYCA would never ignore the coroner. It would be perilous to do so. "We couldn't possibly dismiss the findings of the coroner if they differed from our own."

"The bottom line is that yachtsmen themselves have the most to gain or lose from the outcome of this process." A detailed questionnaire has been sent to all competitors, he said.

In spite of van Kretschmar's belief that changes to the way the race is run will be small ones, the fact remains that when the 1998 Sydney-to-Hobart fleet was assailed by such ferocious winds, Australia had to launch an extremely costly rescue operation in order to protect the endangered yachtsmen to safety. If weather patterns are changing for the worse because of global warming, the sport of ocean racing may have to be thoroughly reappraised.

□ □ □

The people who run Britain's Open golf championship go gaga if anyone refers to their little tournament as the British Open.

For reasons of marketing snobbery - or just plain snobbery - we are supposed to call it the Open championship. Nothing more, nothing less.

Such finickiness leaves me cold. On the other hand, we are all deeply charmed, I am sure, by news that prize money at the British Open, which reached £1m for the first time six years ago, is rising to £1.85m for the return of the event to Carnoustie, east of Dundee, in Scotland - regarded by many as the toughest course in Britain - on July 12-15.

In 1976, when Tom Watson won the first of his five Opens at Carnoustie, he earned £7,500 from a total prize fund of £75,000. This year's champion will trouser £230,000 - £200,000 more than Mark O'Meara won at Royal Birkdale last summer.

This will only be the sixth British Open at Carnoustie. Tommy Armour earned £100 in 1931. Henry Cotton the same in 1937. Ben Hogan \$500 in 1953 - his only appearance in the event - and Gary Player £3,000 in 1968.

However, Carnoustie hosted the Scottish Open in 1995 and 1996, and those tournaments were seen both as trial runs for the British Open and as demonstrating yet again what a fine test Carnoustie can be.

In fierce winds, Ian Woosnam was one over par when lifting the Scottish title three years ago: the highest winning score in Europe since 1995, at Sandwich.

## How to punt it

Do allegations of drug abuse in sport repel punters? My guess is they don't. The police recently arrested more top jockeys, and a well known former trainer, in connection with an investigation of alleged doping and race-fixing in Britain.

Fourteen individuals, mainly jockeys, have been arrested since January 1998, though five are no longer being investigated. The racing world was stunned by the latest arrests. However, the inquiry doesn't seem to have depressed betting turnover. Far from it.

As with horseracing, so with tennis, I suspect. World-class tennis is awash with allegations and suspicions. This week, women's world No 1 Lindsay Davenport called for random blood tests of top players in addition to urine tests.

She thinks drug abuse is probably more rife in the men's game. "There are some people that are [still] running, like -

no problem - at 3-6 in the fifth [set]. Some men that you watch are not even winded, you know after running for about five hours. I mean... some people, you know, are superhuman out there."

The tennis bosses deny the game has a big drugs problem, which gives punters an excuse not to fret unduly about the moral state of the game. My own method of tennis betting is to punt against the favourite in selected matches, using multiple bets: doubles, trebles, etc. Sometimes the multiplied odds are really generous.

On Wednesday, for example, Slava Dospalov was 5-1 to beat Andre Agassi and Julian Alonso 9-4 to defeat Petr Korda in the Australian Open, where seeded players in the men's singles have been making early exits. An Alonso-Dospalov wildcard would have paid odds of 15-1. I had both won. They didn't. But you get the idea.

M.T.N.

## Money / Jurek Martin

## Games for men with deep pockets

Here are some numbers, all representing the good ol' American greenback, which may serve to take your minds off impeachment, Brazil, the weather, whatever.

□ \$900m: the sum paid by the brothers Milstein and another fellow called Snyder for an American football team, the Washington Peaux Rouges, which has not made the playoffs since a Republican was president. Alternatively, \$520m, paid by a syndicate, for a football team which does not even exist in Cleveland.

□ \$123m: the total amount of prize money available on the US men's golf tour this year, more than double the level of four years ago. Since then, inflation in the US has not exceeded 2 per cent a year.

□ \$193m and \$112m: the worth of the multi-year contracts paid out, respectively, to two Kevins, a basketballing Garnett, not then of drinking age, and the pitching Brown, who is better than most but not considered, even by his mother, to be the second coming of Sandy Koufax.

□ \$11m: the maximum amount of money, with a couple of grandfathered exceptions, that can be made by any professional basketball player this year. This is one-third of what Michael Jordan made last year, but will no longer because he has hung up his sneakers.

□ \$3m, including commissions: the amount paid at auction for a single baseball, the 70th and last victim of Mark McGwire's record-breaking season. This appears to have exceeded by 38 times the existing record for a ball of consequence, dispatched by Babe Ruth.

What does all this mean? That is, assuming anyone cares, which, oddly enough, average



Left: Basketball player Kevin Garnett of the Minnesota Timberwolves. Right: Golfer David Duval

Americans, now accustomed to seeking second mortgages in order to see a basketball game, actually do, a little.

Obviously, the main lesson is that sport is not a sport but a "bidsness", as Texan oil billionaires prefer to call it. The Redskins, for that is the real name of the Peaux Rouges, attracted a multiplicity of bidders, including the very nice John Kent Cooke, who happens to be my neighbour.

He inherited the team from his late father, but under the terms of a trust that obliged him a) to seek the highest bidder and b) to see if he could be the highest bidder himself, which, in the event, he could not, by a measly few tens of millions of dollars.

It is hard to believe that the Peaux Rouges - we use the name until they become good again - could be worth that much, even with all the wonderful executive sky boxes in the new suburban stadium, which means they ought to be called the Maryland

Monsters, or Mavens, or Meat-heads.

But they play in Washington, more or less, and that means access to the greatest powers in the land, like a certain congressman from Georgia, when he is not wearing his white sheet with holes for the eyes. Even I, a humble hack, have watched a game from the owner's box and, in response, wrote a nice piece about the food (not the game). Imagine what somebody with real clout can bring to the party, especially when that party has larger and more diversified business interests than my miserable retirement account.

Golf, too, is a game where the stakes have been escalating madly.

It is a fact, for example, that Jack Nicklaus, who is about to get a new hip transplanted from a grizzly bear, now stands at only 36th on the career-earning money list, behind that fearsome foursome, Tway, Haas, Beck and Cook. Dear old Arnie is 142nd,

trailing even someone called Rummels.

This explains why even the aviator sunglasses cannot conceal the gleam in the eyes of David Duval, who is playing better than anyone else in the world. If he continues on his present roll, winning four times last year and destroying the field in this season's opening tournament in Hawaii, in which he won a very expensive Mercedes - graciously given to his girlfriend - on top of \$500,000, he may buy Brazil, which is now cheaper.

Play pay is a little more complicated. Kevin Brown, the pitcher, has been bought by Rupert Murdoch, who owns the Los Angeles Dodgers, for what amounts by his standards to chump change. Other mega-contracts signed during the off-season by men with deep pockets, including the notorious Albert Belle for Peter Angelos of the Baltimore Orioles, confines most of the marquee players to a handful of rich teams.



## INTERNATIONAL ARTS GUIDE

What's on  
around the  
world

## AMSTERDAM

**OPERA**  
Netherlands Opera, Het Muziektheater  
Tel: 31-20-551 8911  
Carmen: by Bizet. New staging by Andreas Homoki, conducted by Edo de Waart. The designs are by Wolfgang Gussmann and Gabriele Jasnecke, and the cast includes Carmen Oprisanu and Martin Thompson; Jan 28

## ANTWERP

**OPERA**  
Flanders Opera  
Lulu: by Berg. Conducted by Bernhard Kontarsky in a new staging by Ivo van Hove, with Constance Hauman in the title role; Jan 27

## BARCELONA

**CONCERTS**  
Palau de la Música Catalana  
Tel: 34-93-268 1000  
● Cleveland Orchestra: conducted by Christoph von Dohnányi in works by Beethoven and Stravinsky, with violin soloist Frank Peter Zimmermann; Jan 27  
● San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in works by Bernstein and Mahler; Jan 28

**EXHIBITIONS**  
Fundació Joan Miró  
Tel: 34-93-329 1908  
www.bcn.fjmo.org  
Magritte: exhibition celebrating the centenary of the artist's birth. Includes over 90 paintings and 60 photographs; to Feb 7

**MUSEU PICASSO**  
Tel: 34-93-319 6310  
Picasso - Engravings 1900-1942: more than 250 works on loan from the Musée Picasso in Paris; to Apr 4

## BERLIN

**OPERA**  
Deutsche Oper  
Tel: 49-30-34384-01  
● Die Zauberflöte: by Mozart. Conducted by Jiri Kout in a staging by Günter Krämer, with designs by Andreas Reinhardt; Jan 24, 27  
● Manon: by Massenet. Conducted by Sebastian Lang-Lessing in a staging by Cesare Lievi; Jan 28  
● Turandot: by Puccini. Marcello Viotti conducts a staging by Götz Friedrich; Jan 23

## BONN

**EXHIBITION**  
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland  
Tel: 49-228-917 1200  
www.kah-bonn.de  
High Renaissance in the Vatican: Art and Culture at the Papal Court (1503-34); to Apr 11

## CHICAGO

**OPERA**  
Lyric Opera of Chicago  
Tel: 1-312-332 2244  
www.lyricopera.org  
● Mefistofele: by Boito. György Györfi/Ruth Rath conducts a revival staged by Peter McClimock. Samuel Ramey sings the title role; Jan 25  
● Donizetti et Juliette: by Gounod. Conducted by John Nelson in a staging directed by Nicolas Joël. The cast stars Roberto Alagna and Angela Gheorghiu; Jan 23, 28, 29

## DUBLIN

**THEATRE**  
Abbey Theatre  
Tel: 353-1-878 7222  
The Rivals: by Sheridan. New production directed by Brian Brady and designed by Conor Murphy, with lighting by Trevor Dawson; to Jan 23

## EDINBURGH

**EXHIBITIONS**  
National Gallery of Scotland  
Tel: 44-131-624 6200  
Turner Watercolours: shown every January for 90 years, this magnificent selection of 38 watercolours was bequeathed by Victorian collector Henry Vaughan in 1900; to Jan 31

**Scottish National Portrait Gallery**  
Tel: 44-131-624 6200  
John Ruskin: exhibition exploring the influence of the Victorian critic and theorist. Includes drawings, watercolours and photographs; to Mar 7

## FLORENCE

**EXHIBITION**  
Palazzo Pitti  
La Dame con l'Emellino: Leonardo da Vinci's 1489 portrait of the young mistress of Duke Ludovico of Milan; to Jan 24

## HARTFORD

**EXHIBITION**  
Wadsworth Atheneum  
Pieter de Hooch (1629-1681): previously seen at Dulwich Picture Gallery, this first-ever one-man show of the Dutch painter offers a reassessment of his work. Less celebrated than his contemporary, Vermeer, de Hooch was a pioneer in his own right, and a specialist in maternal and domestic subjects; to Feb 27

## HELSINKI

**EXHIBITION**  
Museum of Contemporary Art  
Tel: 358-0-173 361  
Bruce Nauman: spanning the career of the American artist, b.1941, this exhibition focuses on his relationship



'Canal Grande da Palazzo Reale a Rialto', by Canaletto, currently on display at the Palazzo Venezia in Rome

with language, and includes sound and video installations and neon pieces; to Jan 24

## HOUSTON

**THEATRE**  
Houston Grand Opera, Wortham Center  
Tel: 1-713-227 2787  
www.hgo.com  
A Little Night Music: by Sondheim. Grant Gershon conducts a production by Michael Leeds, with a cast including Frederica von Stade, Thomas Allen and Sheri Greenawald; Jan 29

## LISBON

**EXHIBITION**  
Fundação Arpad Szenes - Vieira da Silva  
Tel: 351-1-388 0044  
Alberto Giacometti: Arpad Szenes and Vieira da Silva met Giacometti in the 1930s, through gallery owner Jeanne Bucher. The 19 sculptures and 20 drawings on display here are loaned by the Maeght Foundation, Saint-Paul, and include such famous pieces as Femme de Venise and Homme qui marche; to Jan 31

## LONDON

**DANCE**  
Sadler's Wells  
Tel: 44-171-863 8000  
Tanztheater Wuppertal Pina Bausch: Viktor. Long-awaited return to London by the Pina Bausch company, which is celebrating its 25th anniversary. With designs by Peter Pabst and a score including jazz, folk and classical music; Jan 27, 28

**EXHIBITIONS**  
Barbican Art Gallery  
Tel: 44-171-638 8891  
Picasso and Photography: The Dark Mirror. Exhibition exploring the influence of photography upon both figurative and Cubist strands of Picasso's art. His own photographic works feature among the many items on display; from Jan 29 to Mar 28

**British Museum**  
Tel: 44-171-638 1555  
The Golden Sword: Stamford Raffles and the East. Display bringing together biographical material with objects collected by the self-taught scholar who is chiefly remembered as the founder of Singapore; to Apr 18

**National Gallery**  
Tel: 44-171-638 3321  
Portraits by Ingres: Images of an Epoch. 40 paintings and 50 drawings by the 19th century French painter. Includes major loans from museums in France, the US and elsewhere; from Jan 27 to Apr 25

**Royal Academy of Arts**  
Tel: 44-171-300 8000  
Monet in the 20th Century: arriving in London from Boston, this exhibition brings together late works by the founder of Impressionism. The 80 paintings on display include important public and private loans, culminating in a group of seven of the monumental water lily panels which were the triumph of his career. Also included are paintings of London and Venice; from Jan 23 to Apr 18

**Victoria and Albert Museum**  
Tel: 44-171-938 8500  
Grinning Gibbons and the Art of Carving: drawings, carvings and religious reliefs are displayed alongside the Cosimo panel, commissioned by Charles II and the woodcarver's masterpiece; to Jan 31

**THEATRE**  
Albery Theatre  
Tel: 44-171-369 1740  
Vassa: by Maxim Gorky. Howard Davies directs Peter Gill's new version of the Russian comedy, with Sheila Hancock in the title role

**Comedy Theatre**  
Tel: 44-171-369 1731  
Little Malcolm and his Struggle Against the Eunuchs: by David Halliwell. First seen at Hampstead Theatre, Denis Lawson's production stars Ewan McGregor

**Lyceum Theatre**  
Tel: 44-171-416 6099  
Oklahoma: West End transfer for

Trevor Nunn's National Theatre production of the Rodgers and Hammerstein musical

**Piccadilly Theatre**  
Tel: 44-171-369 1734  
Flumena: by Eduardo de Filippo, translated by Timberlake Wertenbaker. Peter Hall directs Judi Dench and Michael Pennington; in repertory to Feb 27

## LOS ANGELES

**EXHIBITIONS**  
Los Angeles County Museum of Art  
Tel: 1-213-857 8000  
www.lacma.org

● Ancient West Mexico, Art of the Unknown Region: comprehensive overview of West Mexican art between 200 BC and 500. The 225 objects on display include human figures and animals; to Mar 28  
● June Wayne: A Retrospective. Survey of the artist's printmaking work from 1946 to 1995; to Feb 15  
● Van Gogh's Van Goghs: Masterpieces from the Van Gogh Museum, Amsterdam. Display of 70 paintings on loan during the period of the Dutch Museum's renovation; to May 18

**OPERA**  
L.A. Opera, Dorothy Chandler Pavilion  
Tel: 1-213-972 8001  
www.laopera.org  
Madama Butterfly: by Puccini. Conducted by Marco Guidarini and directed by Christopher Harlan. With a cast including Yoko Watanabe, Richard Leach and John Atkins; Jan 23, 26, 28

## LYON

**OPERA**  
Opéra National de Lyon  
Tel: 33-4-7200 4500  
Zelmira: by Rossini. Conducted by Maurizio Benini in a staging by Yannis Kokkos, with a cast including Mariella Devia; Jan 24, 27

## MADRID

**CONCERTS**  
Auditorio Nacional  
Tel: 34-1-337 0100  
● Cleveland Orchestra: conducted by Christoph von Dohnányi in works by Schnittke, Bartók and Schubert; Jan 28  
● San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in works by Bernstein and Mahler; Jan 23  
● San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in works by Ives, Canteloube and Prokofiev, with violin soloist Gil Shaham; Jan 24

## MANCHESTER

**CONCERT**  
Bridgewater Hall  
Tel: 44-161-907 9000  
BBC Philharmonic: conducted by Yan Pascal Tortelier in works by Poulenc, with the BBC Singers and Leeds Festival Chorus; Jan 23

## MILAN

**EXHIBITION**  
Palazzo Reale  
Tel: 39-02-8691 5738  
L'Anima e il Volto: (The Soul and the Face): major exhibition of portraiture, comprising 370 works ranging over 400 years. Artists represented include Titian, Caravaggio, Van Dyck, Picasso and Francis Bacon; to Mar 14

## MONTREAL

**EXHIBITION**  
Montreal Museum of Fine Arts  
Tel: 1-514-285 7600  
www.mbam.org  
Monet at Giverny: 22 paintings, produced during the last 20 years of the artist's life, loaned by the Musée Mottait in Paris; from Jan 28 to May 9

## MUNICH

**CONCERTS**  
Philharmonie Gastspiel  
Tel: 49-89-5481 8181  
● Munich Philharmonic Orchestra: conducted by Kent Nagano in works by Liszt, Prokofiev and Stravinsky. With violin soloist Kyung-Wha Chung; Jan 24

● Symphonieorchester des Bayerischen Rundfunks: conducted by Lorin Maazel in works by Mozart and Bruckner, with piano soloist Murray Perahia; Jan 23, 27  
● Vienna Symphony Orchestra: conducted by Vladimir Fedosejev in works by Mozart, Mussorgsky and Borodin. With mezzosoprano Marijana Lipovsek; Jan 25

**EXHIBITION**  
Haus der Kunst  
Tel: 49-89-211270  
Lyonel Feininger (1871-1956): From Gelmoroda to Manhattan. First comprehensive retrospective of the German-American painter, who was forced to leave Germany during the 1930s and subsequently worked in New York. The 120 works on display include important public and private loans; to Jan 24

**OPERA**  
Bayerische Staatsoper  
Tel: 49-89-2185 1920  
www.staatsoper.bayern.de  
Lohengrin: by Wagner. Peter Schneider conducts a staging by Götz Friedrich. Cast includes Adrienne Pieczonka and Waltraud Meier; Jan 23, 27

## MURCIA

**CONCERT**  
Auditorio y Centro de Congressos  
San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in works by Ives, Bernstein and Prokofiev; Jan 25

## NEW YORK

**CONCERTS**  
Avery Fisher Hall, Lincoln Center  
Tel: 1-212-875 5030  
www.lincolncenter.org  
● London Symphony Orchestra: conducted by Colin Davis in works by Elgar and Beethoven, with cello soloist Steven Isserlis; Jan 24  
● London Symphony Orchestra: conducted by Colin Davis in works by Beethoven and Elgar; Jan 25  
● London Symphony Orchestra: conducted by Colin Davis in works by Beethoven and Elgar, with piano soloist Emanuel Aic; Jan 26  
● New York Philharmonic: conducted by André Previn in works by R. Strauss; Jan 27, 28, 29

**DANCE**  
Neil Simon Theatre  
Tel: 1-212-307 4100  
Adventures in Motion Pictures: Swan Lake. British choreographer Matthew Bourne's all-male version of Tchaikovsky's ballet; to Jan 23

**New York City Ballet, New York State Theatre**  
Tel: 1-212-870 5570  
Celebrating Five Decades of Repertory: New York City Ballet has the largest repertory of any dance company in the world. Continuing the celebrations of its 50th anniversary, it presents a selection of works from that repertory, including revivals of Bugaku, Irish Fantasy and Balanchine's Liebeslieder Walzer; Jan 23, 24, 26, 27, 28, 29

**EXHIBITIONS**  
Brooklyn Museum of Art  
Tel: 1-718-638 5000  
Royal Persian Paintings: the Qajar epoch 1785-1925. Display of life-sized portrait paintings, manuscript illumination and decorative arts which were the specialties of this previously overlooked period of Iranian art history; to Jan 24

**Guggenheim Museum**  
Tel: 1-212-423 3500  
www.guggenheim.org  
1898. Rendezvous: in their holdings of artworks from 1900 to 1945, the Guggenheim and the Centre Georges Pompidou are remarkably similar, with one often owning a preliminary study for a painting in the collection of the other. The closure of the French museum for renovation has created the unique opportunity for this exhibition, which brings together related works by the same artist, or works by different artists on the same theme. Includes works by Picasso, Matisse and Kandinsky; to Jan 24

**Metropolitan Museum of Art**  
Tel: 1-212-879 5500  
www.metmuseum.org  
● Cubism and Fashion: examining the

ways in which Cubism has been translated into fashion. The 40 examples on display include work by Gabrielle Chanel; to Mar 14  
● Dosso Dossi, Court Painter in Renaissance Ferrara: Dosso Dossi was the last of the Ferrarese painters, much influenced by Giorgione and Titian. This exhibition includes rarely lent masterpieces from the Borghese Gallery in Rome and other European collections; to Mar 28

● Mary Cassatt: Drawings and Prints. Coinciding with a major retrospective at the Art Institute of Chicago, the Metropolitan Museum has organised an exhibition of most of its extensive collection of Cassatt's work; to Jan 24

**Museum of Modern Art**  
Tel: 1-212-708 9480  
www.moma.org  
Jackson Pollock: first US retrospective of the Abstract Expressionist since that held at MOMA in 1967. Includes more than 100 paintings and 50 works on paper; to Feb 2, then transferring to London

**OPERA**  
Metropolitan Opera, Lincoln Center  
Tel: 1-212-362 6000  
www.metopera.org  
Werther: by Massenet. Donald Runnicles conducts a staging by Paul-Emile Delbecq. Cast includes Susan Graham (except Jan 27) and Thomas Hampson; Jan 23, 27

**THEATRE**  
Cort Theatre  
Tel: 1-212-239 6200  
The Blue Room: Sam Mendes directs Nicole Kidman and Iain Glen in David Hare's new version of Schitzler's La Ronde, first seen in London

**Ethel Barrymore Theatre**  
Tel: 1-212-239 6200  
Electra: Zoë Wamannaker plays the title role in David Leveaux's production of Sophocles' tragedy, in a new version by Frank McGuinness

**Gramercy Theatre**  
Tel: 1-212-777 4900  
Ashes to Ashes: Karel Reisz directs Lindsay Duncan and David Strathairn in Roundabout Theatre Company's staging of Harold Pinter's new play; previews

**Laura Pels Theatre**  
Tel: 1-212-719 9300  
The Minola Twins: by Paula Vogel. Black comedy, directed by Joe Mantello. Cast includes Swosilos Kurtz and Mo'Nique; previews

**Manhattan Theatre Club**  
Tel: 1-212-581 1212  
The Captain's Tiger: theatrical memoir written by and starring Athol Fugard

**SoHo Playhouse**  
Tel: 1-212-239 6200  
Killer Joe: by Tracy Letts. Wilson Milam directs a cast including Scott Glenn and Amanda Plummer

**PARIS**  
**CONCERTS**  
Salle Pleyel  
Tel: 33-1-4561 6589  
Orchestre de Paris: conducted by Neeme Järvi in Orff's Carmina Burana; Jan 27, 28

**EXHIBITION**  
Musée d'Orsay  
Tel: 33-1-4049 4814  
www.Musee-Orsay.fr  
Victor Hugo: Photographs of Exile: selection of photographs produced in Jersey in the 1850s, by Hugo in collaboration with his sons; to Jan 24

## PERUGIA

**EXHIBITION**  
Galleria Nazionale dell' Umbria  
Tel: 39-075 574 1247  
Beato Angelico and Benozzo Gozzoli: Renaissance Painters. Organised to mark the 500th anniversary of Fra Angelico's death, this show includes missing sections of his Politico dei Domenicani, lent by the Vatican so that the whole, restored polyptych can be seen in its entirety; to Apr 11

## PRAGUE

**THEATRE**  
National Theatre of Prague  
Tel: 420-2-2108 0131

www.anet.cz/nd  
The Servant of Two Masters: by Carlo Goldoni. Directed by Ivan Rajmont; Jan 23

## ROME

**EXHIBITIONS**  
Palazzo delle Esposizioni  
Tel: 39-06-474 5903  
Poussin: Early Years in Rome. Display of 41 works produced between 1624 and 1628. The centrepiece is 'The Sacking of the temple in Jerusalem by Titus' (1925/6), commissioned by the Barberini family and rediscovered by Denis Mahon, the show's curator. Includes major public and private loans from Europe and the US; to Mar 1

**Palazzo Venezia**  
Tel: 39-06-841 2312  
700 Veneziano: Capolavori da Ca' Rezzonico. Display of 18th century Venetian art, lent by the Venetian museum to the Palazzo Venezia, which once housed the city's ambassador to Rome. Includes works by Canaletto, Guardi, Longhi and Carlevaris, and Tiepolo's fresco cycle made for his villa at Zianigo; to Feb 18

## SENDAI

**EXHIBITION**  
Miyagi Museum of Art  
The Carmen Thyssen-Bornemisza Collection: touring show of 84 paintings, ranging from the 18th century to the early 20th. Highlights include 19th century Spanish works; to Mar 14

## TENERIFE

**CANARY ISLANDS**

**CONCERTS**  
Teatro Guimard  
● Cleveland Orchestra: conducted by Christoph von Dohnányi in works by Beethoven and Stravinsky, with violin soloist Frank Peter Zimmermann; Jan 23  
● Cleveland Orchestra: conducted by Christoph von Dohnányi in works by Schnittke, Bartók and Schubert; Jan 24

## TOKYO

**CONCERTS**  
Suntory Hall  
Tel: 81-3-3584 5999  
● NHK Symphony Orchestra: conducted by Stanislaw Skrowaczewski in works by Beethoven, Chopin and Liszt; Jan 28  
● Tokyo Metropolitan Symphony Orchestra: conducted by Naoto Ohnuma in works by Minori Miki; Jan 25  
● Yomiuri Nippon Symphony Orchestra: conducted by Gerd Albrecht in works by Beethoven; Jan 23, 29

## TURIN

**EXHIBITION**  
Biblioteca Reale  
Tel: 39-011-545303  
Leonardo drawings: 12 works from the library's collection, on display in their new air-conditioned and fireproof home. Includes preparatory sketches for 'The Virgin of the Rocks' and nude studies. Advance booking necessary; to Jan 31

## UTAH

**FESTIVAL**  
Sundance Film Festival  
Tel: 1-801-521 2525  
Sundance Film Festival: the influential showcase for independent cinema makes its annual appearance with an array of films from around the world. Screenings take place in Park City, Salt Lake City, Ogden and Sundance itself; to Jan 31

## VALENCIA

**CONCERTS**  
Palau de la Música  
● Cleveland Orchestra: conducted by Christoph von Dohnányi in works by Beethoven and Stravinsky, with violin soloist Frank Peter Zimmermann; Jan 28  
● San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in works by Bernstein and Mahler; Jan 28

## WASHINGTON

**EXHIBITION**  
National Gallery of Art  
Tel: 1-202-737 4215  
www.nga.gov  
American Impressionism and Realism: The Margaret and Raymond Horowitz Collection. 49 paintings and works on paper. Highlights include works by William Merritt Chase, Theodore Robinson and J. Alden Weir; from Jan 24 to May 9

**OPERA**  
Washington Opera, Kennedy Center  
Tel: 1-202-295 2400  
www.dc-opera.org

● Die Entführung aus dem Serail: by Mozart. L.A. Opera production by Michael Hampe, conducted by Heinz Frick; Jan 24  
● The Crucible: by Robert Ward. New production by Bruce Beresford, conducted by Daniel Beckwith, with sets and costumes by John Stoddard. Cast includes Kim Jansen and Susan Tilbury; Jan 23, 25, 28

## ZURICH

**EXHIBITION**  
Kunsthhaus Zurich  
Tel: 41-1-251 6765  
Chagall, Kandinsky, Malevich and the Russian Avant-garde: exhibition exploring the artistic upheavals of the first two decades of this century. In addition to important loans from the State Hermitage Museum in St. Petersburg, the show brings together pictures from 14 provincial Russian museums never seen in the west before perestroika; from Jan 29 to Apr 25

**Arts Guide by Susanna Rustin**  
e-mail: susanna.rustin@bt.com  
Additional listings supplied by Artbase, e-mail: artbase@pl.net

How to punt it



# Weekend Investor

Wall Street

## Baby boomers who face going bust

John Authers finds the president and his Federal Reserve chairman at odds

Wall Street long ago entrusted its faith to the baby boom generation. Its members are now entering their sixth decade and their children are graduating from university, leaving them with money to save for the first time. Now - so the argument goes - they will rush to entrust it to the stock market to fund retirement.

But working out exactly how to provide for the boomers when they start to retire is a divisive issue. This week, it led to a rare public clash between two members of the select group who can realistically claim to be America's most powerful men - President Clinton and Alan Greenspan, the chairman of the Federal Reserve.

The issue is important. The future of the US equity market could hinge on how these policymakers finally decide to rescue social security for baby boomers.

The boomers underlie many optimistic predictions. The prevailing view is that their heavy investing, with no option but to put money into relatively risky stocks if they want to have a decent war chest on retirement, will give the market long-term support.

These demographics lie behind the growth in mutual funds over the past few years - and, as the chart shows, mutual funds are taking an ever larger share of the equity market.

But there are problems. One is that the boomers have not yet started saving as the theory suggests they should. Judging by aggregate data, rather more of them have been leveraging themselves up to the hilt. In 1997, Americans saved only 3.8 per cent of their disposable personal income, the lowest level in more than half a century.

Moreover, the impressive rise in institutional holdings in the stock market has been accompanied by a sharp reduction in holdings by households. From 1993 to 1997 - according to William Sterling and Stephen Waite, of Credit Suisse Asset Management, in their book *Boomeronomics* - US households invested \$841bn in equity mutual funds but sold \$1,100bn of their personal holdings.

### Institutions muscle in on the market

Share of equity holdings

Per cent

100

90

80

70

60

50

40

30

20

10

0

1982 84 86 88 90 92 94 96

Source: Securities Industry Association

### Holdings of US equities by institution

\$bn

2000

1800

1600

1400

1200

1000

800

600

400

200

0

1982 84 86 88 90 92 94 96

Source: Securities Industry Association

And then there is the issue of America's pay-as-you-go (PAYG) social security system, which Sterling and Waite describe as a "pyramid scheme". Once the baby boomers have retired, they will probably live on for several decades. This will, in the end, unbalance PAYG, with those in work not paying anything like enough into the scheme to support the ageing boomers.

If this happens, the remedies would involve sharp tax increases, or more poverty, with economic contraction to follow. It would also, of course, mean net sales of both mutual funds and individual investments, throwing all the most glowing scenarios into reverse.

How will this be averted? Clinton, born in 1946 at the very beginning of the baby boom, made a strong case in his State of the Union speech for at least partial privatisation. He suggested that the vast projected federal government budget surplus of \$2,800bn over the next 15 years should be devoted to restoring the social security programme before it runs out of money.

Controversially, he said that about \$700bn should be invested in the stock market - equivalent to the sudden creation of a new investment manager with the buying power of Fidelity Investments, the world's biggest fund manager. His proposed version of the scheme would see the government investing in the market in the same way that companies' pension schemes do - by hiring large investment fund

managers to do the work. He envisaged that they would invest in index funds, with stock selection overseen by an independent board.

But Greenspan, in testimony on Capitol Hill the next day, made a strong attack on the idea. "I do not believe it is politically feasible to insulate such huge funds from government direction," he said. He went on to quote statistical studies showing that state and local pension funds, overseen by political appointees, make lower returns than comparable private sector pension funds.

Heavy involvement by the government would make the market "too big to fail". This is an argument that has been made in the past by Henry Kaufman, once known as Wall Street's "Dr Doom" for his gloomy prognostications. His argument was that if politicians knew their constituents had huge worth tied up in mutual funds, they would skew their judgments towards helping the stock market, even if this was against the general interests of the economy.

Despite the dense and technical nature of the debate, this was much better Washington political theatre than the rival attractions of the president's impeachment trial. It certainly kept more attention on Wall Street.

### Dow Jones Ind Average

Monday closed

Tuesday 9,355.22 + 14.87

Wednesday 9,335.91 - 19.31

Thursday 9,264.08 - 71.83

Friday

This is an extract from the voyages of the starship Bull Market and its 17-year mission to seek out new investors and rationalisations, explore strange new sectors, and boldly go where no stock market has gone before.

Captain's Log - star date 23/1/99. My science officer has come to me with a disturbing report...

"I'm rather worried about the UK market, captain. Its behaviour does not seem... logical."

"What's the problem, Mr Stock?"

"This week, captain, the historic price-earnings ratio on the UK market, as measured by the Non-Financials index, reached its highest ever level of 24.2."

"That might suggest that the outlook for corporate earnings is very good. But instead, thanks to the gloomy prospects for the UK economy, few strategists

Philip Coggan undertakes a voyage of discovery

think that earnings will rise much this year and some think they could fall.

"To be fair," I replied, "the FTSE 100 did wobble yesterday on emerging market worries. But what are the alternatives for investors, Stock? Think of shares as the Federation, bonds as Klingons, and cash as the Romulans. The last two appear particularly unattractive at the moment."

"Bond yields are at their lowest level for about 40 years and cash offers just 6 per cent, a figure that is likely to fall throughout the year."

I signalled to my attractive communications officer. "Allura, bring the graph up on screen."

A pattern of wavy lines appeared (see below). "This information came from Starship command. It shows how yields have fallen every-

where as inflation has declined. If you flip the price-earnings ratio on the

market, you get the earnings yield, and that has tracked the other two down. The high valuation of the market is perfectly explicable."

My train of thought was broken by a rather shaky Scottish accent.

"Captain, I have to speak to you." It was the chief engineer, Mr Celt, talking over the intercom.

"It's the engine room of the market. It feels like it's breaking up. The pharmaceuticals and telecoms stocks are going at warp speed - they are on price-earnings ratios of over 50 - while the 250 and small-cap stocks are on ratings only in the mid-teens. It's like mixing matter and anti-matter."

The crew was getting jumpy, but I replied: "Don't worry, Celt. It all makes sense. The low rating given the medium-sized and smaller stocks shows investors have absorbed the bad economic news that Stock



He would have had an explanation for the market's gyrations

was talking about. But the telecoms and pharmaceuticals stocks offer growth, and that's more precious than a phaser in a roomful of Klingons."

Stock retorted: "Fascinating, Jim, but still illogical. What the engineer said chimes in with my research into internet companies. Some of these shares are travelling faster than light. One, called On-line, was up more than twentyfold in just two weeks by Wednesday and another, Zargo, has tripled since the start of the year. Yet, I've run my tricorder over the sector's accounts and it reveals very little in the way of profits and not that much in terms of sales. This must be a new form of energy."

Once again, Stock was being too Vulcan about the whole thing. "Don't use your reason, use your emotion, Stock," I said. "That's the only way to understand the market. We are about to enter the 21st century and considerations such as earnings, dividends, profits and assets have no place any more. There's a whole universe out there and we need to be thinking supernovas, not black holes."

I clicked on the intercom. "Engineering, Mr Celt?"

"Captain, thank goodness you called. I cannae hold her. The dithium crystals are..."

"Never mind that," I broke in. "I want you to get to the transporter room straight away and beam up a small investor from the nearest planet. Mr Stock needs a lesson in empathy."

A few seconds later, a small figure materialised on the bridge. He was wearing rose-coloured glasses, a hopeful grin and a T-shirt bearing the legend: "bought Marks & Spencer at 850p. Please give what you can afford."

"Here is your explanation, Stock," I said. "To understand what is going on in the internet sector, I suggest you use the Vulcan mind meld."

Stock grasped the nervous alien with the familiar two-handed grip and started to talk in his strange, leaden tones. "I am... a punter. Internet... wave of the future... Bill Gates... www.com... bound to go up... buy now while stocks last."

But Stock's brain was overwhelming the hapless investor. With a sigh, he collapsed to the floor (rather like On-line's share price on Thursday and Friday).

"Back off, Stock," I said quickly. "I think you've made him unconscious."

"It's worse than that. He's dead, Jim." It was my old friend, Dr McGuffin, up from the sick bay. "What have you been doing to him?"

"I was just using the man to show Stock that the markets aren't what they used to be."

"You're right, skipper," said the surgeon. "Even the London futures market is changing beyond all recognition."

"You mean the switch from pit-based trading to dealing on screen?"

"Yes, it's Life, Jim, but not as we know it."

philip.coggan@ft.com

### Boldly going down

Per cent

16

14

12

10

8

6

4

2

0

1982 84 86 88 90 92 94 96 98 99

Source: Department of Economics

3-month interbank rate

Earnings yield on FTSE Non-Financials index

10-year gilt yield

Source: Department of Economics

### Highlights of the week

Price

Change

52 week

52 week

Low

High

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High

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Barry Riley

## A case of gilt starvation

That's why UK bonds head the world league table



Here is another financial market phenomenon that nobody foresaw: UK government bonds have moved to the top of the global league table.

UK gilts have made mince-meat of US Treasury bonds in the past few months so that, even for shorter 10-year bonds, the yield gap (or spread) has moved since October from 0.6 percentage points (60 basis points, in bond market terminology) higher on gilts to 50 basis points lower. Such a premium rating for gilts has scarcely ever been seen in recent history (except for a year or two in the early 1980s when US interest rates were freakishly high). As for 30-year bonds, the spread is more like 90 basis points, with the yield on the 2025 gilt down to 4.2 per cent. The last time gilt yields were this low was in the 1950s.

The 30-year gilt is more highly rated even than similar euro-zone bonds. The 30-year German bund, for instance, yields more like 4.6 per cent. True, 10-year gilts are still rated lower than bunds, but this is because short-term interest rates in the UK remain 3 percentage points higher than on the Continent and this has to be reflected in the 10-year yield. The implication, though, is that the UK will not have to suffer higher short-term rates for very long.

We can thank the famously "prudent" chancellor of the exchequer, Gordon Brown, for this improved status. After all, when he first ascended the stairs

of the Treasury some 20 months ago, gilts yielded over 50 basis points more than Treasuries and 170 basis points more than bunds. Since then, long gilt yields have tumbled and the price of War Loan has risen by 74 per cent.

Remember that Brown immediately handed over political control of short-term interest rates to a Bank of England committee. And he tightened tax policy to the extent that, whatever you might have read in the Labour party manifesto, income tax receipts rose by 23 per cent in 1998. The budget is heading for a surplus of perhaps £10bn for the financial year ending in March.

This prudence has a cost, of course. According to yesterday's official statistics, the UK economy slowed to a crawl in the final quarter of 1998 although escaping an actual recession. Real household disposable incomes scarcely rose last year: no wonder the poor British consumer found it so hard to afford Marks & Spencer's prices at Christmas. Bond investors just love this kind of Scroogery. But voters tend not to put up with it for long, which is why chancellors somehow find a way to loosen their purse strings later in a parliamentary term.

Meanwhile, the relative fall in status of US government paper is perhaps not so surprising. Americans are out on a spending binge, and although everybody is feeling rich because of capital gains on Wall Street (including the government, which receives the capital gains taxes) the

trends look unsustainable. The trade gap, for instance, hit a record \$15.5bn in November. Moreover, with Latin America in disarray, the dollar has been looking a little fragile - and you would not want to be a big owner of Treasury bonds if you thought the US dollar was going to fall.

But would you back the UK as a safe haven for your long-term money against Germany, too? That is harder to understand although perhaps the euro will become unstable as the regional pressures within the euro-zone begin to become more apparent. Also, some say that the demographic pressures from ageing populations will destroy continental budgets during the years ahead. Even this year, Germany, with its economy slowing sharply, is going to be hard pushed to meet the post-Maastricht deficit targets that are supposedly to be enforced through the Stability Pact.

There is, however, an entirely different explanation for the surprising pre-eminence of UK government bonds. Suddenly, gilts have become rather like Mark Twain's real estate investments: they ain't makin' them any more. This financial year, the aggregate of gilts in issue (about £290bn) could shrink by £2bn.

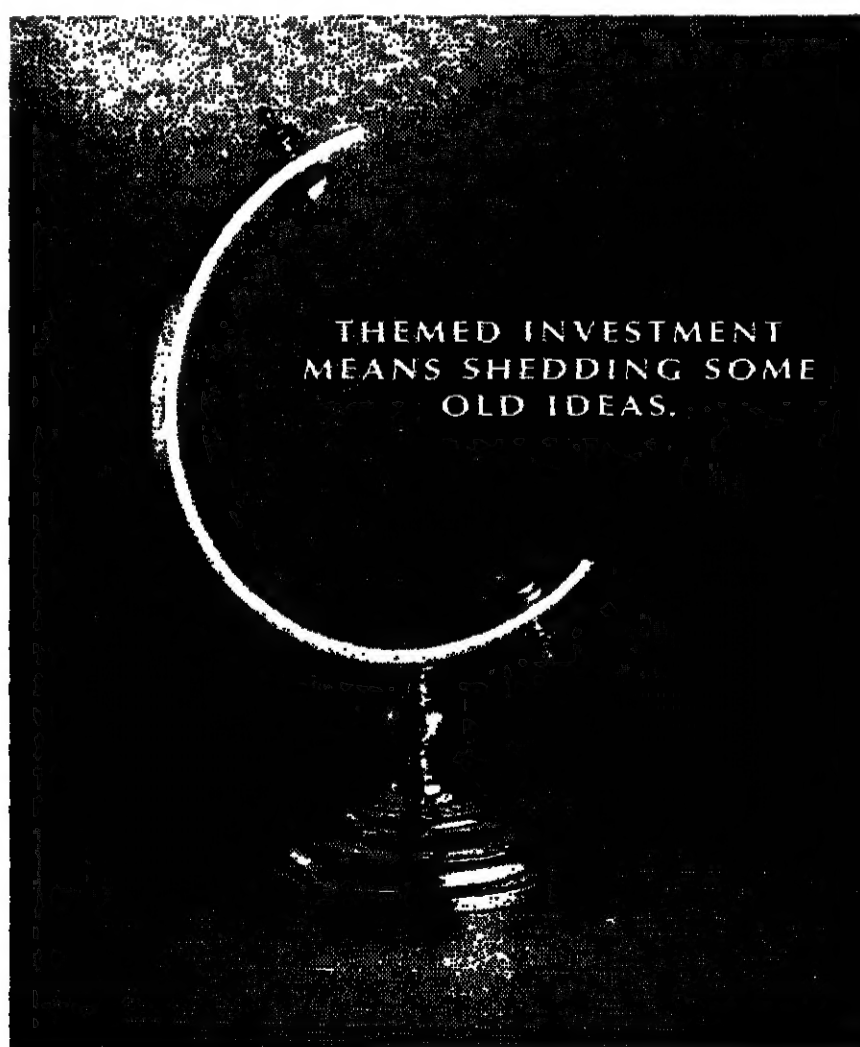
There is real gilt starvation out there. Pension funds are apprehensive about the Minimum Funding Requirement - a new, official investment benchmark, containing a large gilt-edged element, which they must match or beat. Moreover, certain life assurance companies

have woken up to the fact that, some years ago, they gave annuity guarantees to millions of people with personal pension plans. The lower that long-dated gilt yields fall, the more expensive it becomes to match those liabilities. The nasty squeeze is affecting everybody with personal pensions as they approach retirement and discover that annuity rates are shockingly low.

Gordon Brown is becoming the Hugh Dalton of our times. Dalton's cheap money strategy in the immediate post-war years, when he was Labour chancellor, represented an attack on the value of savings. That was because he issued "Daltons" at 2½ per cent but inflation raced away at 6 per cent in later years.

Now, Brown is ruthlessly squeezing the pensions industry. He might well argue, however, that it is up to the private sector to invest the debt to match the investment needs of private sector pension schemes, and that the industry must learn to live on a meagre diet of gilts. That, after all, is a prudent way to run the public finances.

But it is written on the tombstones of prematurely-deceased bankers that good credits don't need any money whereas the big borrowers are the suspect ones. And this is not just a private sector problem. The Japanese government, with its budget turning into a black hole, will be borrowing at least £150bn a year for the next five years. There will certainly be no bond famine there; but it might not exactly be a feast for investors, either.



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Source: Standard & Poor's Microcap, as at 31/1/98. Return on asset 12.5% over 10 years. The fund is subject to an annual charge of up to 2.5%. The administrator has been approved by Sarasin Investment Management Ltd, Geneva, France. 17/01/98. Andrew V. Hall, London EC4A 3DF, 22 rue de la Harpe, 75004 Paris, France. 01 47 33 11 11. 22 rue de la Harpe, 75004 Paris, France. 01 47 33 11 11.

21.5%  
PER ANNUAL  
GROWTH

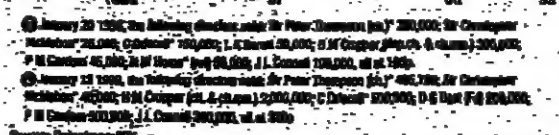
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**El-Ghannay**

**El-Ghannay**



One of the biggest buys of the week was at Martin International, a struggling clothing maker that specialises in lingerie and women's wear, writes **Chris Hui**. Samuel Ling, executive director, increased his holding by 1m shares with two purchases totalling almost £300,000. Martin International shares have fallen behind the market by nearly 50 per cent in the last year.

□ **John Kettley**, chairman, showed further confidence in engineering company Elec Holdings when he picked up 750,000 shares at 15p. This follows the £46,000 purchase of 1.5m shares in November when he and Herman Scopes, a non-executive director, acquired £46,000 of stock between them.

□ The week's largest sell was at FI Group where seven directors sold 4,005,798 shares, netting almost £13m between them. These deals followed the interim results, which showed a 76 per cent leap in pre-tax profits. The company provides software and has seen a steady increase in orders.

Transmittance is own comparison:  
1105-15th January 1990

Company	Sector	Shares	Value £000	No of directors
<b>SALES</b>				
Peterhouse Group	Cons	120,000	132	1
Druck Holdings	ES&E	5,000	17	1
Isma	Eng	97,866	136	2
London School Hither	H&H	12,000	108	1
London Clubs Int.	L&H	9,800	17	1
Electronic Boutique	Per&G	250,000	203	1
Q	SS&S	4,005,798	12,618	7
On-line	SS&S	150,000	52	2
Corex Group	SS&S	20,000	21	1
Securior plc	Tele	25,000	149	1
Forth Parts	Trns	6,000	36	1
Unichem	H&H	3,312	18	1
Callence Comm	Media	126,250	893	2*

Company	Year	Sector	Pre-tax Profit (\$ mil)	Earnings per share (\$)	Dividend per share (\$)
Abercrombie & Fitch	1997	Dec	221.2 (255.0)	8.75 (8.97)	7.3 (7.85)
Alcoa	1996	Sep	30.76 (30.97)	8.1 (22.8)	3.3 (3.3)
Alcoa	1995	Sep	18.5 (19.1)	16.2 (33.8)	3.2 (3.8)
Commodities Trust	1997	Oct	86.34 (94.74)	55.4 (-)	-
Domino	1996	Oct	3.86 (1.75)	7.38 (4.1)	-
Dunkin' Donuts	1996	Oct	1.21 (1.78)	3.38 (26.5)	1.33 (2.23)
Fieldcrest Mills	1996	Sep	2.71 (1.73)	22.1 (31.2)	8.5 (4.7)
First Ladies	1996	Oct	24.3 (24.3)	10.82 (25.2)	3.85 (-)
First Street	1996	Sep	8.60 (11.07)	10.82 (25.2)	3.85 (-)
Goetz & Hoegge	1996	Sep	1.81 (1.58)	7.5 (7.4)	1.7 (-)
Loch	1996	Sep	1.50 (3.06)	12.42 (2.8)	2.5 (2.25)
Luxor Africa	1996	Nov	5.71 (22.8)	7.25 (3.8)	0.25 (-)
Lockhart	1996	Oct	1.05 (1.56)	15.5 (16.6)	8.25 (8.25)
Orsted Furniture	1996	Oct	0.85 (1.16)	8.1 (1.16)	-
Staple	1996	Oct	1.25 (1.35)	1.35 (1.35)	5.97 (5.97)
Telecom Technology	1996	Oct	3.78 (5.52)	6.65 (10.3)	-

Company	Sector	Announc- date	Last year ended	Dividend (p) total	Last year total	Yr to matur.
<b>FINAL DIVIDENDS</b>						
Seaco Crude	Petr	Thursday	0.5	-	-	-
Derby Trust	Wtr	Friday	7.8	-	-	-
MS Group	Med	Tuesday	1.21	-	-	-
London Scottish Bank	Offs	Tuesday	1.87	-	-	-
Lorha	Ede	Monday	7.2	-	-	-
Northern Rock	BLN	Wednesday	3.9	-	-	-
Partridge Fine Art	Rtts	Friday	1.75	-	-	-
<b>INTERIM DIVIDENDS</b>						
American	BLSE	Wednesday	-	-	-	-
Anton Villa	L&H	Tuesday	2.2	0.8	-	-
Bryant Group	BLNs	Thursday	1.45	5.3	-	-
Casady Bros	AIN	Tuesday	0.75	3.0	-	-
FI	Hees	Tuesday	2.8	5.0	-	-
Fluor	BLSE	Monday	0.85	2.0	-	-
Phlog	Med	Monday	1.8	11.8	-	-
Intl Greetings	AIN	Thursday	2.8	0.8	-	-
Medias	AIN	Thursday	-	-	-	-
Mileps	SpSv	Thursday	5.25	14.1	-	-
Photo-Ma Int	SpSv	Tuesday	2.0	6.5	-	-
Powertrans Int	Ede	Wednesday	3.1	-	-	-
US Sealer Co	Wtr	Monday	-	-	-	-
Wirtus	Offs	Monday	4.84	15.24	-	-

Company last yr.	Price of 100 shares	Market price	Prev. price	Change in \$ and %	Notes
Alvoco Recruitment	20055	2126	136	15.55	Cashless Group
Amstar (BSR)	35*	656	396	262.5	Electronic Electric
BCH	280*	2469	2176	39.5	AID Automation
BTB	104	1044	85	3.3750	Sales
Cardiac Health	117*	1126	826	300	MEPA Finance
Stocks	173	3516	424	11.85	Mid Size Mkt
Casual	100*	1226	45	7.3	Manufacturing Publicly
Catal	125*	1226	114	9.85	Other
Copyright Promote	130*	128	1076	20.67	Small Inc. AG
Cloughston Motors	180*	158	1486	28.32	Polar Motor GP
Digitalon (Sp)	40*	39	353	79.94	Permanence Tech.
Dudley Jenkins	580*	570	6626	80.65	Western Assets
English China Clay	226*	2436	180	650.62	MEITA SA
Gavara Helmholtz	200*	2576	256	83.72	Payments
Gycocon Products	15*	146	12	13.3	Chemicals
Held Group	350*	3166	2836	198.92	Chemicals
Icon Dynamics	305*	29	29	5.77	Cryptic Networks
Life Engineering	97*	120	107	5.15	TI Group
Medicon Publishing	54*	100	636	5.68	Smith (H)
Novelcon	200*	1676	146	37.2	Shipments
Rockwell	350*	3466	282	94.9	Technology
Sims & Shipman	20*	20	1276	5.14	Research
SMS Petroleum	186*	35	256	228	Construction Res.
Starkey	125*	1236	1056	363.37	Elect. Group
Stratton, Thompson & Co.	30555	2866	2466	27.7	Wholesale/Wholly
Teledyne	1116	112	107	44.30	Wholesale
TechnicalCorp	1500*	1250	1286	4.6901	Scientific Power
Verland Group	26*	236	226	4.9	Wellstock
Versar	350*	3566	3106	548.19	Agency
Versar	200*	215	1786	9.51	Army
Wholesale of Timberland	112*	1106	976	110.77	Shannon
Wilson Group	82*	61	456	22.31	ST/Industrial
Wince Group	56	576	406	44.35	Photo/Mkt
Wolverine Products	57755	4776	4376	518.08	Marathon, Thompson

Price in parentheses indicated "Not in price movement." \*Based on headline prices 2/25/85. \*Sellers and cash. \* Cash advances. \* Bookings

Small company of 1239

**British Aerospace** announced its plans to acquire General Electric's Marconi Electronics for \$7.8bn in a move that would create the third largest defence and aerospace group in the world after Boeing and Lockheed Martin of the US, writes *Dan Diehsley*. The companies are pursuing the deal as the first step toward creating a pan-European aerospace and defence company. It is expected to boost BAE's earnings per share by 15 to 18 per cent.

BAE's shares surrendered to a hostile takeover by retail entrepreneur Philip Green after he increased his 53.9m share bid by 6 per cent to 494m - or \$569 a share. The bid - backed by the Barclay brothers - was agreed with Bob Reid, Sears chairman, before the ink had scarcely dried on Green's offer document which offered Sears management a 10 per cent stake in return for running an "incredible marketing company".

BAE's shares had underperformed the FTSE by 85 per cent in the past 10 years. The shares closed at 75p up, at 354p.

The dispute over the future of Mirror Group, the newspaper company, intensified as leading shareholders pressed for the removal of David Montgomery, chief executive if he tries to prevent a takeover or merger with another group. The shareholders voiced their concern that Montgomery might have tried to block a possible merger with Trinity, the regional newspaper group, which wanted him to place in a minor role after any tie-up.

Meanwhile, Mirror's board rejected a \$93.3m offer from Regional Independent Media.

□ National Grid, the UK power transmission group, plans to raise more than \$1bn by selling a third of its 74.3 per cent stake in Sveriges, the telecommunications company floated in December 1997. The power company is understood also to be close to negotiating a second large US electricity acquisition in New England.

## Monday

■ The performance of its platinum mines is likely to be the key to final results from Lomro, says broker Williams de Broé. The metal's strong price is expected to have helped the mining group to produce a pre-tax figure of £108m (£101m). Demand for platinum and palladium has been powered by the need for vehicle catalysts, but supplies are dwindling because Russian stocks are falling.

■ Williams de Broé has also

## Week

highlighted the company's strong balance sheet and believes Lomro is well positioned to consider an acquisition.

## Wednesday

■ Final figures from Northern Rock, the building society turned bank, are expected to show an underlying growth of 7 per cent, helped by strong asset growth and

**Martin Brice**

**Simon Carne is a policy adviser to regulators in the UK and internationally**

**T**he United States Department of Justice believes that Microsoft has acted anti-competitively. Its court case against the software giant began four months ago. Arguments about the issues are fraught with difficulty because the analysis so often seems to start from the wrong place.

The natural tendency is to isolate specific business practices adopted by Micro-

One practice, which highlights so much of the case for and against Microsoft, was to require computer manufacturers to install - and highlight in a prominent position - Microsoft's own Internet browser as a condition of obtaining a licence to use its Windows operating system.

This meant that software for gaining access to the internet was pre-installed in all PC-based computers.

Was this a deliberate bid to use market power to destroy other browser companies or merely the software equivalent of a motor manufacturer that decides to install its own air-conditioning system as standard?

But comparison with the motor industry – or any other industry – is unhelpful because other manufacturers are not in the same position as Microsoft. To see why, try the following experiment. Imagine a world without Microsoft.

Instead, imagine two companies. The first, OpSysCo, manufactures operating systems - the basic program, without which the computer will not work -

The second company, AppliCo, manufactures

In all other respects, this imaginary world is the same as our world. The only real alternative to OpSysCo's operating system is the Apple Macintosh, but this system runs only on Macintosh computers. AppliCo, on the other hand, faces wide competition including, for example, Lotus in many home and office product

Was there a demand to use market power? Other browser manufacturers would be the equivalent of a manufacturer of its own air-conditioning

In this hypothetical world, OpSysCo wants software companies to write as many applications as possible to run on OpSysCo's operating system because, without applications to run, the system serves no purpose. The more applications that run on OpSysCo's system, the greater the demand, including demand from existing users for OpSysCo to upgrade its system to provide ever-increasing speed and functionality for new applications.

And if a manufacturer of computer hardware wants to sell its machines with AppliCo applications (or Lotus applications) pre-installed, it is in OpSysCo's interest to encourage that.

too, since computers should be as easy as possible to unpack and get started.

The same goes for Apple's Co's Internet Explorer and Netscape's Navigator, the two leading Internet browsers. OpSysCo will want those packages to run on its operating system because access to the Internet is one of the biggest magnets attracting new users to the computer market. This, in turn, generates more customers for OpSysCo's system.

deliberate attempt  
power to destroy  
companies or the  
motor  
deciding to instal  
conditioning?

OpSysCo would want to limit its product to being run with just one browser. Clearly not. Its interests are best served by encouraging more and more use of its operating system. Picking out one browser (or one word processing package) to promote at the expense of others would be good news for the chosen applications company, but it would risk other, potentially more innovative, applications manufacturers going out of business. This is not the best way for OpSysCo to ensure the continuing expansion of its own market.

Realistically, the only way in which OpSysCo has an incentive to authorise only one applications manufacturer in any product area is if the chosen applications

company rewards OpSysC in cash or by some other means, for its refusal to licence any competing application programs from running on its operating system.

Such an agreement would deny the other application manufacturers access to 10 per cent of the market, which is obviously anti-competitive. The deal would rightly, be struck down by the competition authorities.

For the same reason, any proposal to merge OpSystCo with AppliCo would certainly be rejected by the competition authorities, precisely because such a merger would have no commercial rationale other than the opportunity it presents for anti-competitive collaboration.

Back in the real world, Microsoft's operating system applications businesses have always been part of one company and, until recently, its operating system business appeared to be happy doing business with all applications manufacturers, including those who compete with Microsoft's own applications.

If Microsoft now wishes its operating system business to enforce exclusive deals for the benefit of its own applications system business, the competition authorities should ask themselves two simple questions. Would such a deal be lawful in a hypothetical world in which the two businesses were separate? Would a merger be allowed between two companies who proposed to operate such a deal?

If the answer to either question is "no" in the hypothetical world, the answer should be "no" in the real world, too.

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## FT WEEKEND

## Counterblast

## Four children and a tantrum

Large families are not all the rage, says Lucy Kellaway. And she should know

Over the past week or so all sorts of people have remarked on how fashionable I am. They were not talking about my M&S trousers nor the velvet scarf I was given for Christmas six years ago. What is fashionable about me, apparently, is the number of children I have: four.

Earlier this month Nicholas Coleridge, the managing director of Condé Nast (publisher of *Vogue*, *Tatler*, *Vanity Fair*) wrote an article in the *Daily Telegraph* congratulating himself on the birth of his latest baby. Not only does he now have four children, all his best friends from university have four too, and what a lovely, noisy crew they make.

His thesis is that when he was growing up everyone had two children because they feared the world was a dangerous place. But now that the world is safe from communism and the rich no longer pay tax at 98 per cent, at last everyone is going ahead and breeding with confidence.

As he warned to his theme, he

found no end of advantages to having four children. Four is a self-sufficient team, and the perfect number for Monopoly. More important still, four increases the chance that one will be a genius who will support you in your old age, even if it also increases the chances that one of them will be a "rotten apple". (A joke? One hopes so.)

And then there are the Christmas cards to consider. How lovely to be able to add the names Alexander, Freddie, Sophie and Thomas after your own. And think of the photo album: it would seem so boring and sterile if there were only three attractive children in it. Or, as Coleridge put it: "The same few faces over and over again, posing like celebrities in *Hello!* against different backgrounds."

There are of course a few little problems in this paradise. Coleridge owns that a big family can be expensive, unless, he says dismissively, you are "content to raise them in a no-frills, free school kind of way". It is also hard to get six seats in a row on an airplane. And then there is the car. What an embarrassment to drive a people carrier.

But hang on a minute. Are the British middle classes really having more children?

I phoned the Family Policy Studies Centre in London and it was the first they had heard of it. Maybe a very few of the very rich are having large numbers of children. But that was always so. Coleridge appears to have made the classic error of looking at the tiny sliver of the rich and most privileged to which he belongs and has taken them as typical of the middle class as a whole.

According to the FPSC, if some people are having large

families it is to do with the fact that so many marriages break up. Women have one family with their first partner and another with the next.

There are other reasons why people may end up with big families - as I know from experience closer to home. We may live in an age of bewildering contraceptive choices, but the wretched little devices do not always work in the way that you expect them to.



There are good things about having lots of children, and there are bad things too, but they have nothing to do with cars or aircraft seats. For a start most people with big families do not go on flights at all if they can help it. Not only is it crippling expensive, but I would rather stay at home than face the journey to and from Heathrow with the buggies, the travel cots and all the rest of the kit.

As far as cars go, I don't see why Coleridge makes such a fuss about his "embarrassing" Toyota Land Cruiser. Children do not take up much room; it is perfectly possible to wedge everyone into a Ford Escort.

My son did inadvertently knock out one of my daughter's front teeth in the back of the car the other day, which was possibly because they were too squashed, but I suspect it could equally have happened in the

smartest of people carriers. The main pros and cons of having four children are to do with attention. In small families the children get a lot of parental attention, perhaps too much. In big families they get little, perhaps too little. I can think of lots of good families, some big, some small. The ones I like least are not the small ones, but the smug ones.

I have no doubt that four children look brilliant in the Coleridges' photo album. As for my own photo album, I can only be glad at all the things the camera has not recorded. It does not see the tired tantrums before bedtime (many of which are thrown by me) nor is there any photographic evidence of the youngest going to bed fully clothed when the prospect of bathing him and getting him into his pyjamas seemed too much to bear.

In fact, now that I come to think of it, my photo album has no record of a fourth child at all. The real thing about having a child number four is that you may just about be able to load the film into the camera, and may eventually get round to taking it to the chemist to be developed, but sticking pictures into an album is one chore too many.

## Metropolis

## Lifelong learning - if you can find it

London's Gresham College has seen a mini-renaissance, says Simon Targett

It is not easy to find Gresham College. A small blue sign with a grasshopper motif hangs above the archway between the Midland Bank and Hackett, the gentlemen's outfitters - and this is the largest hint along Holborn that one of England's most distinguished academies stands behind the shopfronts and the bustle of begowned barristers walking to and from their chambers.

Yet more and more people are finding their way to the little-known 16th century college - founded as a rival to Oxford and Cambridge and once hailed as "England's third university" - to hone up on the finer points of astronomy, rhetoric, physics, divinity and geometry.

Already, in this academic year, smart city lawyers, pin-striped business executives and scruffy university students have crammed into the timber-beamed Tudor hall to hear lectures on "cosmic dust", "mathematics: truth, beauty and depth", "the brain of the past", and "what is the use of Jesus?"

It is a remarkable turnaround for Gresham. Only 10 years ago, the college had no fixed abode, and distinguished professors, holding chairs once graced by such luminaries as Sir Christopher Wren and Robert Hooke, were forced to give lectures in hastily arranged locations - mainly draughty church halls.

Inevitably, these lectures were poorly attended, and Gresham's future looked bleak.

It was rescued in 1991 when it transferred to Barnard's Inn Hall, controlled by the Mercers' Com-

pany, which oversees the financial affairs of the college.

This architectural gem, which survived the Great Fire of London and the blitz, was a fitting place for a college conceived before the Spanish launched their Armada on Queen Elizabeth's England.

Its origins lie in the will of Sir Thomas Gresham, the mercer and financier who founded the Royal Exchange and gave his name to the law which holds that "bad money drives out good".

On his deathbed in 1579, he bequeathed his grand quadrangle mansion in Bishopsgate, together with the revenues from the Royal Exchange, for the purpose of establishing a college in the City of London.

From the outset, Gresham lured some brilliant minds from Oxbridge, including Henry Briggs, the pioneer of logarithms. They came because the life was good; Gresham professors earned \$50 a year, which was more than revered regius professors at the two medieval universities.

They came also because the ethos and the education were very different. Unlike Oxford and Cambridge, where religion ruled and scholarly pedants discoursed on the works of the ancients, Gresham promoted "new learning".

Astronomy might sound antiquated, but the Gresham chair was the first in England, and the professors, appointed by businessmen, highlighted its practical value for City merchants.

Exploring new trade routes to India and the Orient.

To this end, lectures were free, in English and not just Latin, and therefore open to everyone.

"Gresham was the Open University of the 16th century," says Colin Pillinger, the present Gresham professor of astronomy.

The diarist Samuel Pepys and John Evelyn as well as the poet John Dryden were among the gentlemen of intellectual curiosity who passed through the lecture halls of Gresham. Its high point was the mid-17th century, when a group of Greshamists founded the Royal Society, today the country's foremost scientific institution.

Now, however, the Bishopsgate



mansion lies buried beneath the NatWest Tower, while a second building, along Gresham Street, established in the 1940s, was abandoned in the 1980s.

But if Gresham as an institution has struggled to survive into this century, Gresham as an idea has stood the test of time.

"Lifelong learning" is the ungainly jargon phrase which trips off the tongue of today's educationists and politicians, yet this is exactly what Gresham has been offering for the second half of the millennium.

Peter Hennessey, the distinguished Whitehall watcher and

former Gresham professor, calls the college "a Renaissance jewel in the City of London".

It is easy to see why. The chance of becoming a "renaissance man" - with a breadth of knowledge suggesting experience far beyond the office walls - is within easy reach of workers in the square mile.

And, just as Pepys wandered along to Bishopsgate, so the great and the good stop by for a feast of intellectual stimulation.

Lord Belfort, a former Gladstone professor of government at Oxford, recently sat alongside Russian émigrés to hear Geoffrey

Hosking, a one-time BBC Reith lecturer, talk about patronage and the Mafia in the post-Soviet era.

When Hennessey arrived at the lecture to tell the story of the Labour government of the mid-1990s, he found himself addressing an audience which included two of the "history makers" who featured in his lecture: Sir Derek Mitchell, principal private secretary to Harold Wilson, and Lord Bancroft, private secretary to the chancellor of the exchequer.

This kind of audience, a cut or two above the average assembly of note-taking undergraduates,

attracts top lecturers to apply for the Gresham professorships, which carry an annual honorarium of \$4,000 and an obligation to deliver six lectures a year.

It offers a test of professional skill, with no opportunity to shelter behind technical wizardry.

Among the high profile professors, Roger Penrose, a former Rouse Ball professor of mathematics at Oxford, was signed up as Gresham's geometry don, while Susan Greenfield, recently installed as director of the Royal Institution, is halfway through her stint as professor of physics.

With such famous lecturers on their doorstep talking about things that matter to them in their everyday lives rather than things they need to know to pass exams, merchants and bankers and lawyers are turning up at Gresham, and the little college is quickly outgrowing its comely but cramped buildings.

It raises the question, where next for Gresham College?

Hennessey is happy as it is. But Pillinger, the astronomer, thinks Gresham should reach for the stars, broadening its horizon by using the latest technology to capture not only latecomers, who often have to be turned away because of lack of space, but all comers.

As an Open University professor, he likes the idea of a "university of the world, where anyone can just walk in without having to pay fees".

This would recapture Gresham's early idealism to reach out to those people outside the ivory towers of Oxford and Cambridge.

Andreas Prindl, the college's US-born provost, and a former chairman of Nomura Bank International, is keen to develop Gresham's sense of collegiality without compromising its unique identity.

As he says: "Gresham has no students, no funding dons and no crumbling buildings."

This makes it different, and gives it the kind of advantage that even All Souls in Oxford, its closest cousin, does not enjoy.

But Gresham is looking to the long-term, appointing full fellows, rather than just professors on three-year contracts, commissioning academic research and publishing lectures on the internet.

Quite where this will all lead is hard to say.

But there can be no doubt that, after 400 years, Gresham College, the "Renaissance jewel", is going through a mini-renaissance of its own.

practices so appealing is that she manages to make it sound sensible, more enjoyable than mystical. The belief that the earth is endangered by an over-emphasis on male technology and power games is not necessarily that of a crank, and the Fellowship of Isis does not confine itself to calling on the goddess for help.

"We founded the Order of Tara, an order of chivalry for environmentalism, because we felt we ought to be doing something active for the world," Olivia said.

"The order was involved in a campaign to stop John Major putting a motorway through Oxley's Wood, a centuries-old wood in England. We had great fun dressing up as witches and so on."

This good-humoured pragmatism has an underlying seriousness; Olivia says the fellowship has an important message to offer the world. "Our society is sick because of an over-emphasis on patriarchy and duality, good and evil. We never see anyone or anything as all good, or all evil. If we see someone possessed, we try to help them overcome."

And so I left, followed by the blessing of Isis.

Chris Ho (1997), 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

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